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WORLD NEWS

Soviet Union mourns death of Sakharov

Dr Andrei Sakharov, the father figure of the Soviet Union's human rights movement, died aged 68 at his Moscow home.

The entire Soviet Congress of People's Deputies stood for a minute's silence in tribute to the man who abandoned the privileges of a brilliant scientific career to fight for political freedom for Soviet dissidents. Page 22

Terrorism warning

A formal warning about possible terrorist attacks against targets in western Europe or western Africa, including against Americans, was issued by the US State Department. The warning comes within a few days of the anniversary of the bombing of Pan Am flight 103 over Lockerbie in Scotland. The Scottish Lord Advocate yesterday announced a fatal accident inquiry to be held next year into the disaster. Page 4

Panama 'in state of war'

Panama's National Assembly of Representatives declared on national radio that the country was in a state of war with the US and named its de facto ruler, General Manuel Antonio Noriega, as head of government.

Open skies plan

Nato foreign ministers agreed on an "open skies" proposal for frequent aerial surveillance by Nato and Warsaw Pact countries of each other's territory to enhance mutual confidence. Page 22

Mercenaries surrender

French mercenaries, led by Col Bob Denard, surrendered control of the Comoro Islands to French troops. Page 3

Kashmir violence

Indian Prime Minister Mr V.P. Singh said hasty action would not be taken in Kashmir, despite reports of a rapid escalation of violence by militants seeking secession. Page 3

999 refusals

London ambulance crews refused to take calls from controllers at the London Ambulance Service headquarters. All 999 calls were being passed to army, police and volunteers. Eight army ambulances were last night called in to provide emergency cover in Birmingham when unions announced they could not guarantee minimum cover over the holiday period. Page 5

Dog breeder charged

Perrycroft Farm Kennels of Colwall, near Malvern, Hereford and Worcester, one of Britain's biggest breeders of laboratory animals, has been charged with causing unnecessary suffering to beagles after 79 puppies died on a ferry to Sweden.

Time stands still

The clock on Big Ben, the London landmark which overlooks the House of Commons, stopped for over three hours when part of its mechanism jammed. The clock, acknowledged to be one of the most reliable in the world, even uses old pennies to balance one of the pendulums in its mechanism. Page 4

Clinic cash pledge

Britain is to provide £5m over the next four years to help fund the international Peto Institute in Budapest, Hungary, which helps seriously ill children.

Flu epidemic slows

More people are falling victim to the flu epidemic but the rate of infection seems to be slowing, researchers said. For the first time since the Second World War, all major hospitals in Birmingham went on a red alert as nursing staff continued to be hit by the epidemic.

Joe Loss retires

Veteran bandleader Joe Loss, 80, retired after suffering ill health for a year. The band will carry the name of its singer, Todd Miller.

BUSINESS SUMMARY

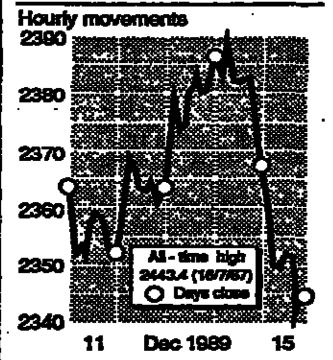
Devaluation of currency by China

China yesterday devalued its currency, the renminbi, by 21.2 per cent, bringing the new rate to Rmb4.72 to the US dollar compared with the previous rate of Rmb3.72. While not unexpected in view of Peking's economic crisis, China trade and banking specialists in London were surprised by the size and suddenness of the cut.

FT SE-100: The UK stock market continued to slide yesterday as economic data from both sides of the Atlantic did nothing to lift the mood of caution with which investors appear to regard the immediate outlook. The FT-SE Index

FT-SE 100 Index

Hourly movements



closed with a fall of 22.3 points at 2,344.7, ending the week with a decline of 18.8 compared to last Friday's close. London stocks, Page 15; Lex, Page 22

POLAND wants to put off capital repayments on its $39.2bn (£24bn) debt owed to western banks and governments and the Soviet Union until after the year 2000, according to a policy document. Page 2

XEROX Corporation has filed a suit against Apple Computer alleging that Apple illegally used key elements of Xerox software to create its Macintosh personal computer programs and misrepresented them as its own. Page 10

LOWNDES QUEENSWAY, loss-making UK furniture and carpet stores group, said it had reached agreement in principle on a refinancing which calls for an injection of £70m into the company. Page 8

BANK OF New England said the continuing decline in the region's real estate market would force it to add more than $1bn (£623m) to its loan loss reserves – double the sum Wall Street expected. Page 10

BHP, Australia's largest company reported record results from its steel and minerals divisions but said high interest rates checked the advance in half-year group net profits to only 4.4 per cent. Page 10

BET, acquisitive UK business services group, announced an agreed £192m bid for Hestair, the personnel services and consumer products group fighting a £167m bid from Adia, of Switzerland. Page 8; Lex, Page 22

SMITHKLINE BEECHAM, the Anglo-US pharmaceuticals and consumer products company, announced a shake-up of its UK drugs operation which will involve the loss of 344 jobs in the next two years. Page 5

WATERFORD Wedgwood, troubled glass and china group, saw its shares drop 4p to 41p as the company delivered the latest in a long series of disappointments to investors. Page 8

ASDA GROUP, UK food retailer which acquired 61 Gateway superstores from Isosceles for £705m, said interim pre-tax profits fell by 24 per cent to £83.5m, a little less than the 25 per cent drop the company expected. Page 8; Lex, Page 22

ANGLIAN WATER, newly privatised company which saw heavy dealing on the stock market yesterday, is to use the Companies Act to try to identify new owners of its shares amid suspicion of stake-building. Page 22
Prices of water company stocks today appear in the London Recent Issues table which is on Page 8

GM agrees to take 50% of Saab in $600m deal

By Robert Taylor in Stockholm and Kevin Done in London

GENERAL MOTORS of the US, the world's biggest car maker, is to take a 50 per cent stake in the heavily loss-making Saab car operations of Saab-Scania, the Swedish automotive and aerospace group, in a $600m (£376m) deal.

The deal surprised Fiat of Italy, which believed until early yesterday that it was poised to sign a co-operation agreement with Saab-Scania in which it would have merged its Lancia car operations with the Saab car division.

GM and Saab-Scania, which began co-operation in June through the Saab 2000 regional aircraft programme, said they were also discussing collaboration in missile systems.

In last-minute negotiations on Thursday night, Fiat sought to out-bid GM but the deal was signed with the US group in the early hours of yesterday.

Saab-Scania began secret talks with GM less than four weeks ago, shortly after the US group had been beaten by Ford, its domestic rival, in the battle to take over Jaguar, the UK car maker.

Ford held talks earlier this year with Saab, but pulled out in favour of pursuing the Jaguar, which it took over for £1.6bn.

Under the terms of the deal announced yesterday, Saab-Scania is to form a new company, Saab Automobile, in which GM will take a 50 per cent stake.

Saab car division 1988	
Turnover	$2.6bn
Profits (before appropriations & taxes)	$1.3m
Car division forecast for 1989	$294m loss
Workforce	15,944
Total car sales	116,250
of which US sales	37,764

GM Europe 1988	
Turnover	$17.61bn
Net income	$1.81bn
Workforce	112,000
Car & truck sales	1,452,000

Saab-Scania 1988	
Group turnover	$6.9bn
Profits (before appropriations & taxes)	$520m
Workforce	49,443

End 1988 exchange rate

General Motors 1988	
Group turnover	$123.60bn
Net profit	$4.85bn
Worldwide car & truck sales	8.2m
Workforce	766,000

GM and Saab-Scania will each nominate five directors to the 10-man board, with GM nominating the chairman.

GM and Saab-Scania are planning a model development programme for Saab to take the Swedish marque into the upper echelons of the European luxury car market in the 1990s.

Saab Automobile will develop, manufacture and distribute cars under the Saab name, and will also produce GM cars in Scandinavia for sale through the GM (Opel/Vauxhall) distribution network.

The agreement includes technical co-operation between Saab Automobile and GM's European technical development centres, chiefly in West Germany.

Mr Jack Smith, General Motors' executive vice-president for international operations, and Mr Georg Karnsund, chief executive of Saab-Scania, said the joint venture company would have full access to GM's worldwide technology and automotive component resources and supplier network.

GM and Saab-Scania will each inject $100m in equity capital into the joint venture, and the new company's debt of SKr3bn (£300m) to Saab-Scania will eventually be converted to external financing.

The new company, will begin operations on January 1, with its headquarters in Sweden.

In addition, Saab-Scania and GM are to form a second joint company, Saab-Scania Automotive Electronics, with Saab-Scania holding the majority interest, for the research, development and manufacture of advanced automotive electronic components and systems.

The two companies said yesterday they were also discussing co-operation between the missile systems group of GM's Hughes Aircraft subsidiary and Saab Missiles on tactical missile projects.

Through the deal with Saab,
Contined on Page 22
Rover lay-offs to continue, Page 4

Hong Kong passport plan defended

By Philip Stephens and Alison Smith

Slow boat to direct elections ....Page 3
Dilemma of a colony's anguish ....Page 6

THE Government yesterday defended its plans to increase the number of Hong Kong citizens eligible to settle in Britain in the face of a spreading rebellion by right-wing Conservative MPs.

The signs were that it would go ahead as planned next week and announce a relaxation of the immigration rules covering more than 150,000 people in the colony, in spite of fierce attacks by some of its supporters.

Senior Whitehall officials said that the broad policy outline had now been drawn up, although some details remained to be settled. The policy was based on the Government's recognition of its responsibility to maintain confidence in Hong Kong up to and beyond the colony's transfer to China in 1997.

The rebels – including a number of officers of the influential 1922 Committee of backbench MPs – are seeking to head off legislation that would give full passports to a number of important groups to help underpin confidence in the colony.

Mrs Margaret Thatcher promised a relaxation of immigration rules after the Peking regime's forcible repression of student demonstrations earlier this year.

She was said yesterday to have been surprised by the strength of the opposition among her own supporters and at the role of the traditionally loyalist executive of the 1922 Committee in orchestrating the opposition.

Senior ministers reacted with dismay to what was seen as an attempt by the right-wing of the party to wreck attempts to balance responsibility towards Hong Kong with domestic political considerations.

One commented angrily that the leaders of the rebellion were motivated purely "by populist and, in a few cases, racist sentiments."

He added: "They do not care about the problem but only about the reaction in their local pubs."

Speaking in Brussels, Mr Douglas Hurd, the Foreign Secretary, stressed the package would not provide a precedent for other nationalities seeking to come to Britain.

He said it was "a unique problem which applies only to the biggest of our remaining colonies, a unique situation specific as regards time and place."

The rebels argue that important groups in Hong Kong – Crown Servants and the rich – are already assured of entry into Britain under the discretion provided by existing immigration law. However, Mr Hurd believes they need the security of a full British passport to stay in the colony in the run up to its transfer to China.

Much of the opposition to the proposals comes from Conservative MPs representing marginal constituencies in areas such as the Midlands, which already have high concentrations of immigrants.

Ministers are critical, however, of the role in the rebellion of Mr Cranley Onslow, the chairman of the 1922 Committee, and of Mr Norman Tebbit, the former party chairman. Both represent secure southern constituencies.

The rebels have been encouraged by the Labour party's policy on the issue. Labour has consistently refused to offer guarantees to citizens of Hong Kong and is thought likely either to oppose or abstain if the Government proposes legislation.

Retail prices index at 7.7% as mortgage rate begins to bite

By Simon Holberton, Economics Staff

BRITAIN'S inflation rate rose sharply last month as increased mortgage interest payments and generally higher prices pushed the annual growth in the retail prices index to 7.7 per cent.

November's annual rise in inflation – the highest since July when prices were rising at a rate of 8.2 per cent – was pushed higher by a 0.9 per cent rise in the retail prices index during the month, Central Statistical Office figures showed.

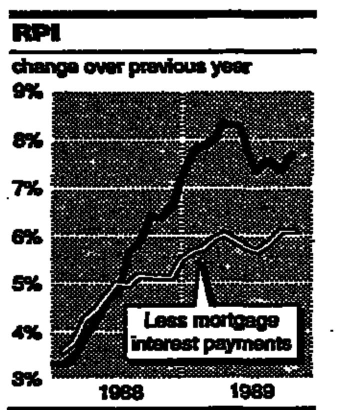
Excluding the effects of mortgage interest payments, prices were 6.1 per cent higher in November than a year ago, unchanged from the annual rate in October, and indicating that inflationary pressures in the UK have yet to subside.

The renewed rise in inflation from 7.3 per cent in October brought forth a barrage of criticism from opposition politicians.

Mr John Smith, Labour's shadow Chancellor, said on BBC Radio that November's rise in prices was "a damning indictment of the government's economic policies." With the underlying rate of inflation stuck at 6.1 per cent he accused ministers of "misplaced complacency." Mr Alan Beith, Liberal Democrat Treasury spokesman, said the figures were "a damning condemnation of the Government's anti-inflation policy."

RPI

change over previous year



Analysts said that financial markets were relieved by yesterday's news, but only because the rise in inflation was not as bad as had been expected. Some noted that the underlying rate was worryingly high given the state of the economy.

The Treasury said the Government remained firmly committed to bearing down on inflation. Its tight monetary policy and sound fiscal position would ensure than inflation fell, although it would take time, it said.

In November prices were higher across the board, especially seasonal foods which rose 4.6 per cent, the largest monthly rise since May 1984.

Looking ahead, officials said the most important price rise to come would be British Rail and London Underground fares in February.

The all items retail prices index (January 1987=100) in November was 118.5 compared with 117.5 in October. The tax and price index (January 1987=100) was 112.8 in November compared with 111.7 in October.

US trade figures, Page 2; Editorial comment, Page 6; Bank Deputy Governor Designate on inflation, Page 22

S Africa frees five political prisoners

By Patti Waldmeir in Johannesburg

THE SOUTH AFRICAN Government yesterday released its most important remaining political prisoners, apart from Mr Nelson Mandela, amid signs that it plans to hold preliminary negotiations with anti-apartheid groups early next year.

The releases came after the Appeals Court in Bloemfontein overturned the treason convictions of five black activists, including leaders of the United Democratic Front (UDF), the anti-apartheid coalition. Sentences and convictions were set aside after a panel of five judges declared a mistrial.

Two of the five men released yesterday – Mr Patrick "Terror" Lekota, 41, and Mr Popo Molefe, 37, jailed in 1985 – played an important role during the uprising in black townships in the mid-1980s.

Anti-apartheid leaders responded to the release with enthusiasm. "It's glorious, glorious, wonderful," said Anglican Archbishop Desmond Tutu as he waited at Cape Town docks for the five to arrive from Robben Island prison.

The release coincided with signs of increased flexibility from both Pretoria and the ANC over the terms for constitutional negotiations, in which Mr Lekota and Mr Molefe could play an important part.

The Government is understood to be planning a series of meetings early next year with political, labour, church and cultural groups to discuss issues such as pre-conditions for negotiations, the agenda for talks, who should take part, how a chairman should be elected, and other issues.

A proposal whereby government negotiators would sit at the table as members of the National Party rather than as government officials – in effect accepting a reduced status in the talks – was also under serious consideration.

To facilitate this process, steps such as the end of the banning of the ANC could be taken, although the organisation would have to make a commitment to halt violence.

Mr Lekota, who won his nickname as a skilled football player, said the five were not bitter. But he added: "We feel it is unfortunate that the last four and a half years have been lost to us."

His re-emergence on the political scene could significantly strengthen the anti-
Continued on Page 22

Weekend FT

RETURN TO PRAGUE

A.H. Hermann returns to Czechoslovakia after 21 years exile in London. He was Prague Correspondent of the Financial Times from 1964 to 1968, when he fled the country at the time of the Soviet invasion. He gives his impressions of the country this week.

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Finance

The best of the board games for those with business in mind

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How To Spend It

Lucia van der Post picks some last-minute presents

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Wine and Food

Wine books and festive desserts

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Records

Our reviewers pick the best of the year's releases

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Sport

Teresa McLean looks at the contribution women make to cricket

Page XVIII

MARKETS

STERLING
New York lunchtime:
$1.6045
London:
$1.6045 (1.597)
DM2.7625 (2.775)
FFr9.4475 (9.485)
SFr2.485 (2.4975)
Y231.25 (230.0)
£ Index 86.6 (86.5)

GOLD
New York: Comex Feb
$418.3 (412.8)
London:
$412.25 (409.25)

N SEA OIL (Argus)
Brent 15-day Feb
$19.275 (+0.25)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.723
FFr5.8915
SFr1.551
Y144.175
London:
DM1.7225 (1.737)
FFr5.8875 (5.94)
SFr1.549 (1.5635)
Y144.1 (144.05)
$ Index 67.9 (68.1)
Tokyo close: Y144.3

US LUNCHTIME RATES
Fed Funds $8\frac{1}{2}$%
3-mo Treasury Bills: yield: 7.87%
Long Bond: $102\frac{31}{32}$
yield: 7.86%

STOCK INDICES
FT-SE 100:
2,344.7 (-22.3)
FT Ordinary:
1,851.7 (-19.7)
FT-A All-Share:
1,169.73 (-0.8%)
New York lunchtime:
DJ Ind. Av.
2,742.96 (-10.67)
S&P Comp
349.62 (-1.31)
Tokyo: Nikkei
38,271.04 (+90.34)

LONDON MONEY
3-month interbank:
closing $15\frac{5}{32}$ ($15\frac{3}{32}$)
Life long gilt future:
Mar $92\frac{23}{32}$ ($92\frac{11}{16}$)

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Austria Sch22; Bahrain Din0.700; Bermuda $1.50; Belgium BFr50; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£3.25; Finland Fmk7.00; France FFr7.00; Germany DM2.30; Greece Dr150; Hong Kong HK$12; Iceland IKR125; India Rup18; Indonesia Rp3.100; Ireland I£0.80; Israel NS3.50; Italy L2000; Japan Y600; Jordan Fils1.000; Kuwait Fils.500; Lebanon £L400; Luxembourg LFr50; Malaysia Rin4.25; Malta 40c; Mexico Pes800; Morocco Dh8.00; Netherlands Fl3.00; Norway Nkr10.00; Portugal Esc140; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup30; Sweden SKr10.00; Switzerland SFr2.40; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L1200; UAE Dh7.00; USA $1.00.

OVERSEAS NEWS

Nato pledge not to exploit East Europe upheaval

By Robert Mauthner, Diplomatic Correspondent, in Brussels

NATO foreign ministers yesterday undertook to support and promote the reforms under way in Eastern Europe, but promised not to upset the political and security balance in Europe.

"We want the reforms in Central and Eastern Europe to succeed peacefully and democratically," a communiqué issued after the two-day ministerial meeting said. "We are determined to facilitate and promote them without seeking one-sided advantage."

Clearly in an effort to reassure the Soviet Union, which has been showing signs of nervousness at the possibility that the West might exploit the fluid situation in Eastern Europe, the Nato ministers said they did not seek to undermine the security interests of any state. The member countries would scrupulously respect the 1975 Helsinki Act, which Moscow considers as guaranteeing the post-Second World War frontiers in Europe.

But in a significant rider underlining the provisions of that agreement on human rights and other democratic freedoms, the communiqué said that they expected all other countries to show the same respect for the principles of the Helsinki accord.

The Nato ministers showed similar concern for the sensitivities of Moscow on the problem of German unification, employing virtually the same language as that used by European Community leaders after their summit in Strasbourg last weekend.

While the German people should be allowed to regain their unity through "free self-determination", the process should take place peacefully and democratically, "in full respect of the relevant treaties and all the principles defined by the Helsinki Final Act," and in a context of East-West co-operation and European integration.

Asked about West German Chancellor Helmut Kohl's refusal to make a clear statement recognising the Oder-Neisse as Poland's western border, Mr James Baker, the US Secretary of State, said he took the repeated assurances on this subject given by Mr Hans-Dietrich Genscher, the West German Foreign Minister, to be the official position of the Bonn government. He hoped Mr Kohl would adopt a similarly clear position.

Yugoslavia to offer multi-party system

YUGOSLAVIA is to introduce a multi-party system and free elections, and seek full membership of Western economic groups including the European Community, according to a draft Communist Party declaration published yesterday, AP reports from Belgrade.

The document said the Communist Party will no longer retain its monopoly of power and will participate along with other parties in "free, direct and secret elections". It was prepared for adoption next month at a party congress and was published by the official daily Borba. It appears to be Yugoslavia's reply to the wave of democratic reform sweeping eastern Europe.

"The Communist Party supports freedom of assembly and of speech, and all other civil liberties regardless of political convictions of individuals," said the document, released by a parliamentary preparatory committee.

Political "associations, movements or parties will depend on the will of the citizens, whose freedom of choice must be guaranteed by the constitution," it went on.

The draft also said that Yugoslavia will seek "full participation in integration processes in Europe, and membership of the European Community, the Council of Europe, the European Free Trade Association and other similar organisations and institutions."

The document also called for radical market-oriented economic reforms, respect for human rights and an independent judiciary, all to be guaranteed by a new Yugoslav constitution.

"We are changing all of this now so that tomorrow it will not be too late for socialism in Yugoslavia," the draft stated, adding that the reforms should be implemented within six months after the congress.

The communist leaders of Yugoslavia's largest republic, Serbia, have been the staunchest opponents of the Western style of democracy. But, at its congress last week, the Serbian party appeared to have softened its line.

Communists and Serbian authorities "have no reason or wish to impede administratively the establishment of [independent] political parties" in the republic, said Mr Bogdan Trifunovic, the republic's party chief, in a keynote address.

The second largest republic, Croatia, and the northern republic of Slovenia have already endorsed parliamentary democracy and are to hold open parliamentary elections next spring.

Numerous independent movements and parties have been formed in Croatia and Slovenia over the past year. Despite objections by the authorities, several opposition groups have also sprung up in Serbia, Bosnia, Macedonia and Montenegro, where communists had tried to sidestep the issue of democratic reforms.

Economic, political, social and ethnic problems have mushroomed since the death in 1980 of President Tito, whose charisma was seen as a main force in holding the country together.

Moscow to cut military spending 'by 8% next year'

THE Soviet Union said yesterday it would slash military spending by more than 8 per cent next year as it shifts the armed forces from an offensive to a more defensive role, Reuter reports from Moscow.

Colonel-General Nikolai Chervov told a news conference the budget would be cut by 8.2 per cent to Rbs70.98bn (£73bn).

"The new political thinking in defence doctrines allowed the military to reduce the budget in practical terms," said Gen Chervov, head of a department of the general staff.

It was the first time the complete armed forces budget had been given to foreign journalists ahead of publication in the official Soviet press.

Military spending this year amounted to Rbs77.3bn, according to the first fully-disclosed figures for defence expenditure, published in June.

Gen Chervov also gave the most detailed breakdown to date of armed forces personnel, saying that as from January their strength will be 3,993,000.

They will be equipped with 4,045 missile launchers of all kinds, 10,000 missile warheads, 63,900 tanks, 8,207 combat aircraft and 157 major surface ships.

Gen Chervov said offensive weapons were being reduced, operational training was being revised and most big military manoeuvres had been cut.

President Mikhail Gorbachev has begun cutting the armed forces in an attempt to lessen international tension and free much-needed funds to help modernise the outdated Soviet economy.

"We were guided by [Gorbachev's policy of] openness. The [budget] cuts are one way of building confidence," Gen Chervov said. A year ago, Mr Gorbachev told the United Nations that 500,000 troops would be cut from the Soviet armed forces. Gen Chervov said 256,000 of these had already left.

This year's 1989 US defence figure was $300bn (£188bn) but the Soviet Union says the low wages paid to Soviet conscripts – about Rbs7 a month – partly explain the discrepancy in military spending between the superpowers.

Colonel-General Vladimir Babev, who also attended the news conference, said the budget figures did not include the cost of converting military factories to producing civilian goods, an important part of Mr Gorbachev's economic reform programme.

"The budget should make it possible for the state to maintain reasonable military sufficiency and also improve living conditions for the army," Gen Chervov said.

An unofficial army protest group was formed last month to protest against poor living conditions, long hours and low wages. There have also been protests over lack of housing for retired officers and their families.

General Babev said the army was now building more houses for officers on pensions.

Confusion remains on BNL loans

John Wyles looks at the Italian bank's dealings with Iraq

HAVING revealed that more than one manager at Banca Nazionale del Lavoro's Rome headquarters is now under investigation for possible involvement in the unauthorised allocation of $2.867bn (£1.78bn) of loans to Iraq, Italy's Treasury Minister Mr Guido Carli has indicated that Italian and US investigators still have a great deal more to learn about the destination and purpose of many of the loans issued by bank's branch in Atlanta, Georgia.

Since the Treasury is BNL's main shareholder, the Italian parliament, and the opposition in particular, is continuing to press for explanations as to how such a vast sum of money could have been made available to Iraq through more than 2,500 loan agreements in 1988-89.

Mr Carli's very partial explanation to the Senate's Finance Committee on Thursday suggested that the scandal was made possible by the virtual collapse of internal controls under the impact of cost cutting at the bank's Rome headquarters.

But the minister's statement on the details of the financing was in many respects confusing and incomplete. In particular, he implied that the actual loans dedicated to financing arms or the supply of militarily useful equipment to Baghdad may have been no more than $230m, but he failed to offer any explanation for other loans beyond some $781m guaranteed by the Commodity Credit Corporation for the purchase of US agricultural products.

His breakdown of the total loans to Baghdad was as follows: $1.798bn in favour of the Iraqi Central Bank and the Rafidain Bank of Baghdad; $520m in letters of credit "all or partly utilised" issued by the Central Bank; $49m in favour of "various beneficiaries" but attributed by Atlanta to Rafidain: $500m of other cash credits or guarantees for "various clients and banks".

Mr Carli said credits in this last category were not destined for Iraqi counterparts, although some of the recipients were also receiving payments directly from the Iraqi central bank.

Potentially arms-related payments made by Atlanta came to $116m, said Mr Carli, in favour of the following companies: $30m to Lummus Crest, $7m to a joint venture of Lummus Crest and Thiessen, $16m to Matrix Churchill, $3m to Mannesmann Demag, $21m to Mannesmann Handel, $5m to Potain, $11m to Rotec Industries, $8m to Servaas, $4m to Techno Export, $6m to XYZ Options, and $5m to Dresser.

Mr Carli also said there were some $144m of loans with potential military applications which were not drawn down by Mannesmann Handel, Matrix Churchill, Potain, Rotec, Servaas, Techno and XYZ Options. He did not explain the discrepancy between the figures of $144m and $116m and his other total of $230m.

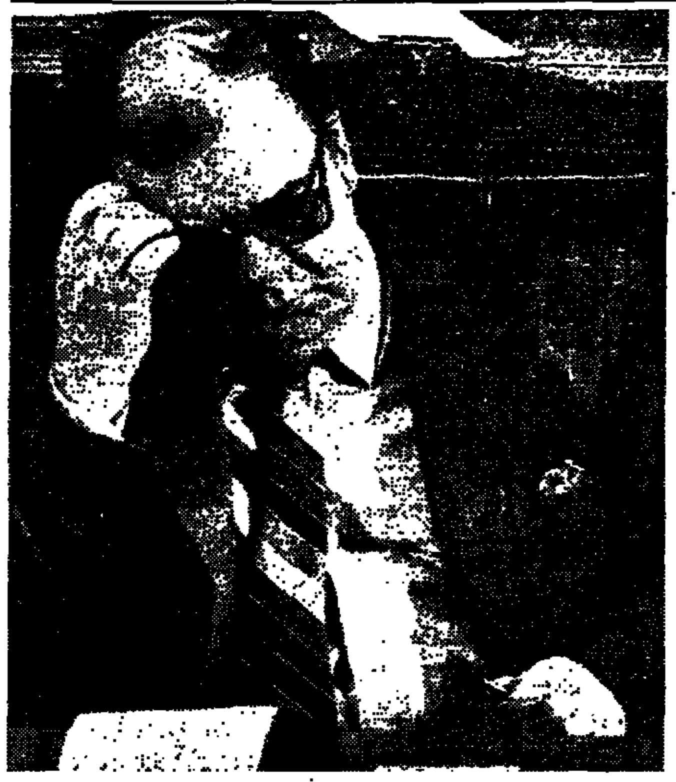
Some of the names mentioned by Mr Carli – Potain, Rotec and Servaas – have not hitherto figured in official or unofficial revelations on the Atlanta affair. Mr Carli added that since August 4, when BNL first learned officially of the extent of Atlanta's dealings with Iraq, the Bank had conducted checks on the trades attached to the letters of credit. In particular, BNL had sought a declaration from XYZ Options that ruled out any possible violation of US laws.

The company had refused to make such a declaration and the bank had as a precaution informed the local judicial authorities. The bank had also refused to increase a loan to Lummus Crest, as a result of which the company had started legal proceedings.

Again for the first time in public, Mr Carli suggested that the manager of the Atlanta branch, Mr Chris Drogoul, might have had a personal interest in a New York company, Entrade, which had received credits which "it has not been possible to clarify". The Entrade account had been used to make payments to unidentified beneficiaries as well as to pay expenses to employees of BNL's Atlanta branch.

As far as involvement of BNL personnel in Rome was concerned, Mr Carli said Atlanta credits for Italian companies trading with Iraq had been allocated as a result of "frequent interventions" by BNL Italian branches and by managers in the Rome finance and credit departments.

Bank of Italy investigators had concluded, added Mr Carli, that the Atlanta affair had taken place in a context of organisational weakness brought about by a cost-cutting reorganisation aimed at "freeing a large income" to improve the bank's capital position.



Bulgarian head of state Petar Mladenov attending the second day of the National Assembly meeting in Sofia. The government is coming under pressure for more political reform.

US trade deficit rose sharply in October

By Anthony Harris in Washington

THE US trade deficit in October widened unexpectedly to $10.2bn from a revised $8.5bn in September, the Commerce Department announced yesterday. Private forecasters had expected a deficit of $8.6bn.

The dollar eased further against the D-mark after the announcement, but otherwise there was little market reaction to this news, or to announcements of virtually unchanged industrial output and wholesale prices.

The bigger trade gap was due to a 5.1 per cent month-to-month recovery in imports, to a record $41.2bn. They had fallen sharply in September. The main increases were in food and industrial materials, including oil.

Car imports have been virtually unchanged for a year, and arrivals of both cars and consumer goods fell slightly in seasonally-adjusted terms. Exports rose by 1.1 per cent to $31bn, also a record. The underlying growth rate may have been slightly higher, since aircraft deliveries were down by $0.5bn, probably because of the Boeing strike, now settled.

For the year to October, the figures confirm painfully slow progress in reducing the trade deficit, which has totalled $91.2bn in the first 10 months of this year, compared with $97.2bn in the same period in 1988. Exports in the period were up 13.9 per cent, and imports 8.6 per cent.

Recent reports from industry indicate that export demand remains strong, but flat retail sales may be expected to reduce import growth somewhat.

Producer prices rose by 0.1 per cent in November, exactly as markets had expected. A sharp fall in refined petroleum prices more than offset a further rise in food prices. The annualised rate of wholesale price inflation now stands at 4.6 per cent for 1989.

Poland wants debt delay

By Christopher Bobinski in Warsaw

POLAND wants to put off capital repayments on its $39.2bn (£24bn) debt owed to western banks and governments and the Soviet Union till after the year 2000, a policy document published yesterday reveals.

The document, which details economic plans for next year, adds that Poland will also seek to have its creditors in the Paris and London clubs agree to a moratorium on interest payments until January 1 1993.

The statement comes during talks with the International Monetary Fund on an adjustment programme to quell inflation in the new year.

A letter of intent, to be signed soon, will open the way to formal talks with western creditors on rescheduling payments due next year and worth $4bn, as well as unpaid sums falling due this year.

The government also says it will seek to have its debt reduced "according to new special principles" – a reference to the Brady plan for debt reduction.

This year the surplus in trade with the West will fall to $500m. Next year, Poland expects to go into deficit, with hard currency exports growing by a mere 2 per cent.

Backing for Sandoz plant

By Kieran Cooke in Dublin

THE Irish authorities have approved a controversial I£170m (£148m) chemical plant in Cork, to be built by Sandoz, the Swiss pharmaceutical company, despite fierce protests.

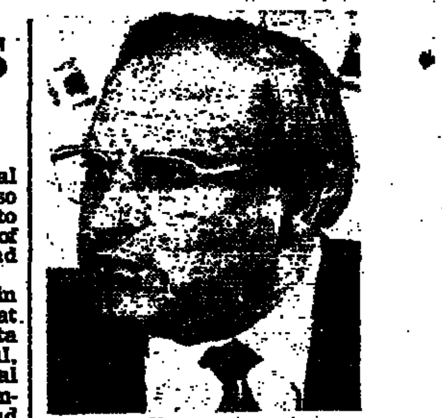
Objectors point to the concentration of chemical industries in the Cork harbour area and to the damage caused to the Rhine by a fire at a Sandoz plant near Basle in 1986.

Sandoz and the Industrial Development Authority, the state body responsible for promoting inward investment for Ireland, have waged an intense public relations campaign over the siting of the plant.

Most residents in the Cork harbour area who voted in a recent referendum were in favour of the plant, which Sandoz says will create 200 permanent jobs and more than 1,000 jobs during construction.

The IDA says approval for the Sandoz plant is now subject to an objections procedure. This is likely to be a highly charged process.

Merrell Dow, the US pharmaceutical company, recently cancelled plans to build an I£60m plant in the Cork area. Local farmers and environmentalists had fought a lengthy campaign against the project. Merrell Dow said it pulled out for tax reasons.



Kohl warns E German 'firebrands' over unity

MR Helmut Kohl (above), the West German Chancellor, said on East German television that relations between the two states would enter a "decisive phase" after the first free elections in the latter next May 6. Hinting strongly at an opposition victory, Mr Kohl said that both sides could then "very quickly" conclude agreements, Leslie Colitt reports from Berlin.

However, he issued a warning to East Germans agitating for immediate reunification. He said "firebrands" who made radical remarks accomplished the opposite of what they intended.

The interview with East German television was broadcast before Mr Kohl's summit next week with Mr Hans Modrow, the East German Prime Minister, in Dresden. Mr Kohl said East Germans had the right to decide their future and thus whether they wanted reunification.

"It is my firm conviction that the people of the GDR will decide in such a way that I will be happy about it," he noted.

East Germany began with the International Monetary Fund (IMF) office in Geneva initial talks which are expected to lead to eventual membership. Ambassador Peter Dietze said East Germany was interested in the economic, monetary and financial expertise of the IMF. East Germany used to spurn the IMF as a neo-colonialist organisation.

Swiss money growth target

The Swiss National Bank has set an unchanged target of 2 per cent for money supply growth next year, John Wicks writes from Zurich.

The bank says it must retain a restrictive monetary policy in the light of rising inflation. The national cost-of-living index last month showed an annual increase of 4.4 per cent, the highest inflation rate since May 1982.

The limitation in the growth of the monetary base to 2 per cent for 1990 is seen as a necessary medium-term measure to combat inflation.

The National Bank, Switzerland's monetary authority, foresees that domestic money-market interest rates will next year remain at or even exceed their current high level.

Only gradual reductions in inflation are considered possible. This week, Union Bank of Switzerland and Crédit Suisse have estimated the 1990 rise in consumer prices as 4.1 and 4.5 per cent, respectively.

EIB role in east Europe bank

The European Investment Bank's likely participation in the proposed European Bank for Reconstruction and Development would be "rather more nominal than substantial", and would not affect its capacity to provide increasing finance for the European Community's backward regions, said Mr Ernst-Gunther Broder, EIB chairman, yesterday, John Wyles writes from Rome.

Following the decision last weekend by the EC summit to create a bank to help eastern European countries which are embracing democracy and forms of the market economy, Mr Broder said that many details had yet to be worked out.

But contacts with the French government, which holds the EC Presidency, had led him to believe that the EIB's share in the new bank's capital "would not be of any magnitude".

EC oilseed subsidies condemned

By Tim Dickson in Brussels

HUGE subsidy payments made to European Community oilseed producers have been condemned by an independent trade disputes panel in a ruling which has important implications for the EC Common Agricultural Policy.

Confirmation of the so far unpublished decision by the panel, set up under the General Agreement on Tariffs and Trade (Gatt), was given at a news briefing in Brussels yesterday by Mrs Carla Hills, US Trade Representative, who has been in Europe this week for routine trade talks with the EC.

"The Gatt panel was correct," she said. "We look forward to the European Community correcting the problems that have been identified."

Established following a complaint by the US that the payments made by Brussels are denying American soyabean producers fair access to the European Community market, the panel is understood to have found that the so-called processing subsidies are discriminatory in their present form under Article 3 of Gatt rules.

This is because the payments, made to oilseed crushers rather than producers to compensate them for buying higher-priced EC oilseeds, are alleged to include a margin which is over and above the difference between this EC price and the world market price.

Concern at prospects for EC banking solvency directive

By Lucy Kellaway in Brussels

THE Second Banking Directive, which allows banks to operate throughout Europe on a common passport, was finally adopted yesterday by member states, after several years of difficult negotiations.

However, member states are concerned that the single market in banking services will fail unless the sister directive on banking solvency is also adopted – and that is set for a tougher ride when it comes before finance ministers on Monday.

The passage of the solvency directive has been threatened by last minute objections from West Germany, which if sustained into the new year could force the Community to scrap this central piece of single-market legislation. Unless there is unanimous agreement on solvency by early in the new year, the directive will lapse.

The commission is urgently pressing for a compromise on Monday, so it can start in the new year with its busy programme of laws on financial services, insurance and takeovers. However, the positions are well entrenched on all sides, and some member states doubt whether an agreement can be achieved so quickly.

West Germany, which had assented to the directive, is arguing for more favourable terms for mortgage finance. The draft directive allows lower capital backing for mortgage lending until 1996, but West Germany want this to be extended until 2001, and widened to cover a broader range of unoccupied residential buildings and commercial properties.

Though the German request would benefit most member states, German banks would stand to gain most as property is an important part of their business.

The Bonn government has also argued that such 10-year arrangements have been granted to France on lease financing, while the UK has managed to get its discount houses excluded from the solvency rules altogether.

The objections of other member states are on a matter of principle as much as on the German demand itself. They are angry that West Germany has gone back on a previous agreement – a happening almost without precedent – and are therefore unlikely to give in to the German demand.

Meanwhile there seemed yesterday little chance of persuading Germany simply to drop its objections, even under the strongest pressure from the other countries.

Officials said a compromise could almost certainly be found because it was in nobody's interests for the legislation to fail. Some hoped a compromise could be reached by making a distinction been new mortgages and existing ones.

Another possible route of compromise would be to attempt to change the basis of the vote so that it could be passed by a qualified majority. As a part of the single-market legislation, the solvency directive could in theory be agreed on a majority vote. However, in practice unanimity has been needed because the council and the commission have been in disagreement over the relative powers of member states and Brussels in enacting the legislation.

However, a compromise along these lines would require the Commission to accept less power over the banking legislation, and Commission officials said yesterday this was out of the question.

Closer links for Twelve on crime and immigration

By Ian Davidson in Paris

THE 12 European Community governments have agreed to step up their co-operation in the control of immigration and in the fight against organised crime.

At the end of a two-day meeting in Paris yesterday, 12 Ministers of Justice or the Interior announced their intention to work towards harmonising their policies on immigration and asylum, which they hope will lead to the signature of two conventions by the end of next year.

The apparent harmony among the Twelve is in sharp contrast with the last-minute breakdown of plans for open frontiers between France, Germany and the Benelux countries, which should have been signed in Schengen this week.

Meetings of these 12 Interior or Justice Ministers, in the so-called Trevi Group, are normally secret. The fact that this week's meeting has been publicised with two long declarations is eloquent testimony to growing public sensitivity on issues of immigration and security. At the European summit in Strasbourg last week, four prime ministers stressed the importance of the immigration issue.

In order to ensure freedom of movement within the Community after 1992, the Twelve will harmonise their visa practices towards would-be immigrants from outside the Community. They will examine the possibility of mutual recognition of national visas, and in the longer term the possibility of introducing a common visa valid in all member states.

The Twelve will begin to exchange computerised information on undesirables who should be refused entry. But they promise that this exchange of information can only be envisaged if there is a proper legal framework guaranteeing the protection of individual liberties.

The Twelve also intend to ensure that applications for asylum will in each case be examined by only one member state, in order to prevent the abusive lodging of applications in several member states simultaneously.

In the fight against international crime, the ministers said they would be studying the establishment of a common information system which would be available to all member states.

They would also examine closer co-operation at frontiers between member states, including the possibility of setting up common frontier posts and combined mobile units. They would study whether, and under what conditions, police forces might be authorised to cross internal frontiers in pursuit of wanted criminals.

The ministers also announced increased co-operation in the fight against drugs, including the strengthening of controls at external frontiers, the speeding up of exchanges of information, the development of a network of liaison officers, investigations into money-laundering, and the development of a European drugs file.

They said they intend to call a special ministerial meeting early in the new year on police co-operation against drugs.

● France's European Affairs Minister yesterday blamed the West German government for the last-minute breakdown of the so-called Schengen Pact on open borders between France, Germany and the three Benelux countries, which had been slated for signature yesterday.

Mrs Edith Cresson claimed that the German government had asked that East Germany should be admitted as the sixth member of the Schengen group.

"The purpose of these agreements", she said, "is to permit the free movement of people between five countries, not to discuss the German problem. Either the Germans return to the spirit of Schengen, and we can go on talking, or they stick to this demand, and then we cannot go on."

Mrs Cresson expressed anxiety that the Germans might seek to introduce the German question into every Community dossier. "If on this subject, which is quite limited, the Federal Republic has adopted this position, then it can adopt it on every subject. There is a serious danger that things could get out of control, and it would be good if the German government could get a grip of itself."

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Aylwin celebrates election win with call for rebuilding

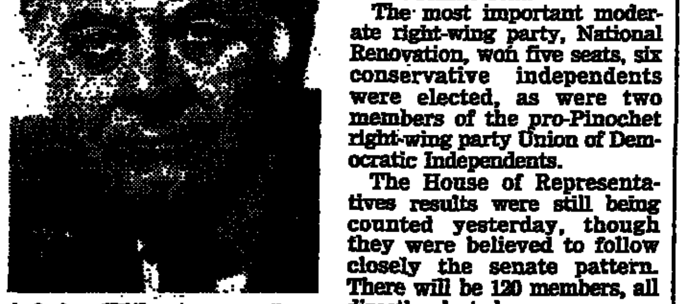
By Barbara Durr in Santiago

MR PATRICIO Aylwin yesterday called on fellow Chileans "to rebuild Chile without rancour", after his decisive win as the main opposition candidate in the presidential election on Thursday.

He told thousands of supporters who had gathered spontaneously at his campaign headquarters in Santiago early yesterday: "Chile has re-discovered its history. Chile has recovered its democracy." He then appealed to Chileans to heal the scars of the 16 years of military rule under President Augusto Pinochet, who will step down on March 11.

Mr Aylwin obtained 55.2 per cent of the vote, in line with opinion poll estimates. Mr Hernán Büchi, the main right-wing contender, won 29.4 per cent of the votes and Mr Francisco Errazuriz, an independent populist, took 15.4 per cent. This was regarded as a good performance for a man in politics for the first time and without a party.

Mr Carlos Cáceres, Interior Minister, acknowledged Mr Aylwin's victory and said the armed forces would respect the election results. He also said the government was "deeply convinced of, and satisfied by, the effort of democratic, social and economic reconstruction" achieved under the leadership of General Pinochet.



Aylwin: "Without rancour"

The minister said he did not expect a strong negative reaction from business. The most sensitive business indicators, the stock market and the unofficial dollar rate, had already adjusted to the possibility of an Aylwin victory, he said. The stock market even rose several points on the two days before the election and the unofficial dollar fell, after a brief ascent last week.

Mr Cáceres admitted for the first time publicly that the opposition's economic programme was "quite moderate".

The opposition also did well in the congressional elections, also held on Thursday. Its candidates won 22 of the 38 seats for directly elected senators. Another nine senators will be appointed by the outgoing government.

The most significant setback for the opposition was the failure of Mr Ricardo Lagos, considered Chile's most charismatic left-wing politician, to win a senate seat.

The most important moderate right-wing party, National Renovation, won five seats, six conservative independents were elected, as were two members of the pro-Pinochet right-wing party Union of Democratic Independents.

The House of Representatives results were still being counted yesterday, though they were believed to follow closely the senate pattern. There will be 120 members, all directly elected.

Slow boat to direct elections proposed for colony

By John Elliott in Hong Kong

THE Peking-influenced drafters of the Basic Law, which will form Hong Kong's mini-constitution after China regains sovereignty in 1997, yesterday produced a political blueprint which will delay the introduction of direct elections until 2007 at the earliest.

Produced by the law's drafting committee sub-group at a meeting in the southern Chinese city of Canton, the proposal also poses serious problems for the British government which will come under pressure to introduce more extensive direct elections before 1997.

The plan is not yet finalised. It will go to a full meeting of the law drafting committee in February and will later be promulgated in Peking.

Prospects of China agreeing to speed up the introduction of democracy were dashed after Hong Kong people came out in support of the Tiananmen Square students' protests in May and June. China is now determined to slow down Hong Kong's democratic reform because it does not want liberals to gain leading positions.

The formula produced yesterday suggests that only 18 (30 per cent) of 60 seats in the legislature should be chosen by direct popular vote in 1997. The remainder would probably be produced by a mixture of indirect and occupation-based elections. The legislature would have a dual voting system for certain sensitive subjects.

The sub group is also controversially recommending that there should be no significant change for the following ten years.

These proposals fly in the face of suggestions put forward by a wide variety of Hong Kong groups including existing legislators who want 50 per cent to be directly elected by 1997, with 100 per cent in 2003.

The UK's problem arises over what to do in 1991 when it is pledged to introduce direct elections for the first time. It originally envisaged only 17 per cent of the seats being directly elected in 1991 but, since China's June crisis, both the British and Hong Kong governments have become sympathetic to the existing legislators' proposals which call for 20 seats, a third, being directly elected.

The UK would probably face widespread criticism if it compromised on 30 per cent. However if it introduces a higher figure in 1991 than China is prepared to implement in 1997, existing plans for the legislature elected in 1995 to continue in power after the handover in 1997 will collapse.

● China's devaluation is expected to have only a limited impact on Hong Kong whose extensive trade with the mainland is mainly conducted at an officially recognised grey market rate.

This rate has been standing at approaching RMb70: HK\$100 compared with an official rate of RMb47: HK\$100.

Hong Kong would be more directly affected if China went further and attempted to abolish the officially recognised grey rates and go for a single internal and international value for its currency.

How to tell genuine refugee from economic migrant

John Elliott looks at the controversy over the way Hong Kong is screening the Vietnamese boat people

WHILE AN effigy of Mrs Margaret Thatcher was being burned yesterday during demonstrations in the boat people camps against Hong Kong's new policy of forcibly repatriating Vietnamese boat people, Sir David Wilson, the colony's governor, was saying that the emotional reaction to the repatriation of 51 people early on Tuesday morning had been expected.

As he was challenging international critics to find another solution to the problem of housing the 40,000 people not expected to qualify as refugees for resettlement, and demonstrations were being staged in six of the camps for the third day running, the screening which the boat people undergo came under a spotlight.

The screening questions, which are not normally published, have been adapted by officials of the UN High Commission for Refugees from tests used in Europe. They are intended to establish whether a person or a family has been involved in activities in Vietnam which would lead to their persecution if they returned.

The questions aim to discover whether they fled Vietnam to escape such persecution or because they were dazzled by the glitter and prospect of riches in Hong Kong and other lands?

The most important questions they are asked in this process are:

● Have you evaded or attempted to evade military service, or deserted therefrom? If yes, describe the circumstances, the reasons which motivated your act and its consequences for you and your family, if any.

● Have you ever taken part in or actively supported military armed activities against the authorities of your country? If yes, provide full details.

● Did you or any close member of your family undergo re-education? If so, when and for what duration? Was anyone otherwise imprisoned and, if so, for what reason and for what period?

● Were the children in your family ever denied educational opportunities by the authorities? If yes, for what reasons?

By Ashley Ashwood

The fear of an uncertain future shows clearly on the face of a young girl enduring the cramped conditions of a boat people camp

Those who answer "yes" truthfully to such questions – and therefore prove that they have a "well-founded fear of persecution" – should qualify for resettlement as genuine refugees in developed countries.

Very few – about 1 or 2 per cent – are successful, however, while another 8 or 9 per cent manage to qualify as refugees on family reunification grounds. These people have close relatives already outside Vietnam, either in Hong Kong's refugee camps or in other countries.

The rest are dubbed economic migrants and treated as illegal immigrants. They face mandatory repatriation to Vietnam, following the launch on Tuesday of Hong Kong's widely condemned policy to force about 40,000 would-be refugees to go home.

Organisations such as the UNHCR and Amnesty International are highly critical of the screening, which was introduced in Hong Kong 18 months ago and has been adopted by other south-east Asian countries.

"The screening of asylum seekers is so inadequate that there is a danger that individuals at risk of human rights violations could be sent back to Vietnam," said an Amnesty study team this week. "The screening system as it now operates simply cannot be said to guarantee these people the basic rights to which any asylum seeker is entitled under international standards."

Several organisations quote examples where people failed to qualify, in spite of having written evidence of warrants for their arrest. Some even had evidence that they had been detained for political activities.

One UNHCR official accused Hong Kong officials of "intentionally trying to see people as economic migrants rather than refugees". Mr Robert van Leeuwen, senior UNHCR officer in Hong Kong, was more restrained: "There is no perfect screening or asylum procedure anywhere in the world." He admitted, however, that his organisation is so short of staff that it was "barely managing" to monitor the screening properly.

Hong Kong government officials accuse boat people of fabricating stories about persecution. They insist that the scheme is fair and that appeals and review procedures provide effective safeguards. They also deny suggestions that former immigration officers, who carry out the initial examinations and fill in the questionnaires, are inadequately trained and are biased by their backgrounds against saying "yes" to applicants.

There are more than 100 such officers, who work with a team of interpreters. These are almost all Hong Kong Chinese. An interview lasts at least two hours. Applicants have to answer about 30 questions and fill in five or six pages of personal details. About 400 people are being processed every day.

The questions start with a family's general situation after 1975, when the Viet Cong and the communist government in Hanoi routed the regime in what was then South Vietnam. Points include posts held in the army or elsewhere (many people from the south worked for the US forces then in Vietnam), and whether they were moved to new economic zones.

Political activities are explored, with requests for a membership card or letter as evidence. This sort of question is widely criticised, because boat people rarely carry such evidence of their past. Other questions cover religious activities, and evidence of economic deprivation which might show they had been persecuted:

"Was the whole or part of the property, land, farm or fishery produce belonging to you or your family unit ever confiscated by the authorities? Were you ever subjected to forced labour?"

Criminal convictions or deportations are looked into before the final catch-all questions: "Why did you leave Vietnam? If you do not wish to return there, explain why?"

The real problem is the way judgements are made on these questions by people whose political knowledge of Vietnam will be scanty. Officials say there is no points system to assess an applicant. They stress that a UNHCR handbook – Procedures and Criteria for Determining Refugee Status – and the appeals process are adequate.

Initial verdicts are sometimes reviewed by senior officials, and almost all those screened out appeal to a board headed by a lay judge. The UNHCR, which has a general monitoring role and can see all files, has a mandate to overturn the appeal board.

By last night, 7,450 people had been screened and only 739 had qualified as refugees. Of these about 10 to 20 per cent qualified as political refugees, while the remainder had family grounds for refugee status. Appeals to the review board have been made by 4,392 people in 1,791 cases, which only 329 people in 112 cases have won. The UNHCR has exercised its mandate in only 39 further cases.

Sometimes people are lucky. One English-speaking Vietnamese who used to work for the US acted as an interpreter for police officers in an arrival camp and frequently appeared with them on television. Relatives in Australia saw him, came to Hong Kong, and took him back with them.

S Africa 'preparing to introduce tax reforms'

THE South African government will begin to introduce tax reforms in the 1990-91 budget, in March next year, Mr Org Marais, Deputy Finance Minister, was quoted yesterday as saying, AP-DJ reports from Johannesburg.

The Business Day newspaper reported that Mr Marais had said various recommendations of the Margo Commission, which completed an investigation of South Africa's tax system in 1987, would be implemented in the next budget as a first step in the government's five-year plan to overhaul taxation.

The report added that the controversial area of capital gains was among the Margo report issues being scrutinized with a view to introducing reforms, the first objective of which was to "level the playing fields, as the incidence of tax is very uneven."

Mr Marais was also quoted as saying that other main areas of tax reform in the securities industry were marketable securities, stamp duties, and double taxation of dividends in the hands of personal shareholders.

The marketable securities tax is on sales of shares of listed companies; stamp duty is a similar tax applied to private companies. Double taxation occurs where income is taxed as company income and again as dividends to shareholders.

Comoro Islands mercenary surrenders to French troops

By Julian Ozanne in Nairobi

COLONEL Bob Denard, the French mercenary, yesterday gave in to pressure from the French and South African governments yesterday, and surrendered control of the Comoro Islands.

Fifty French paratroopers flew in Puma helicopters to the islands' capital Moroni early in the day for a brief ceremonial handover of power.

French intervention had been prompted by the assassination at the end of last month of President Ahmed Abdallah Abderrahmane, either by the mercenaries themselves, or at their instigation.

Col Denard and 25 French and Belgian mercenaries left in the afternoon for Johannesburg on board a South African military transport aircraft. Most of the mercenaries were due to fly on to European destinations.

Condemned in France for his role in an attempted coup in Benin in 1977, and reviled throughout the rest of Africa after a 30-year history as a soldier of fortune in the continent's coups and civil wars, Col Denard will find it difficult to convince any country to give him a home.

He started his military career in Vietnam and graduated to mercenary work after having been a gendarme in Morocco. The 52-year-old soldier of fortune first surfaced in Africa during the post-independence upheaval in Zaire, when he hired his services to the secessionist Katanga leader Mr Moise Tshombe.

He later fought as mercenary in Zaire, Biafra, Angola, the Ivory Coast and Gabon.

In the 1970s Col Denard executed two coups in the Comoros and then established the Comoran Presidential Guard officered by mercenaries. Since 1984 South Africa has played an influential role, enjoying close trading and diplomatic ties with the Islands.

A Paris Court has convicted Col Denard for his role in a 1977 attempted coup d'etat in Benin against President Mathieu Kerekou. Facing imprisonment should he return to France, Col Denard started putting down roots on the island. He married a 15-year-old local girl, had two children and converted to Islam.

But his desire to settle down in the Comoros was not shared by France, South Africa or the late President Abdallah. His assassination proved the last straw. With the easing of regional tensions in southern Africa, Col Denard had become an embarrassment, both to Paris and Pretoria.

Minister quits as austral sinks

ARGENTINA'S economy minister Mr Nestor Rapanelli resigned yesterday following a plunge in the national currency amid worries over rising inflation, Reuter reports from Buenos Aires.

Mr Rapanelli, a 60-year-old party outsider, was sworn in five months ago to tackle Argentina's worst economic crisis.

Peronist politicians and labour leaders had pilloried him after his economic measures failed to soothe financial markets and spurred a jump in consumer prices.

The austral currency plummeted 28.3 per cent against the dollar after it was devalued by 34.8 per cent on Sunday.

Mr Rapanelli brought monthly inflation down to 5.6 per cent from a record of nearly 200 per cent, but the trend reversed and is now expected to top 20 per cent in December.

His successor is Mr Antonio Erman Gonzalez, the health and social welfare minister.

Brazilian candidates 'neck and neck'

By Ivo Dawnay in Rio de Janeiro

THE TWO candidates in the Brazilian presidential election, to be decided in a run-off on Sunday, were reported by polling organisations yesterday to be neck and neck.

The pollsters believe only a few thousand votes will separate the socialist challenger, Mr Luís Inácio Lula da Silva, and the front-runner for much of the year, Mr Fernando Collor de Mello. There are 82m eligible electors.

In the first round a month ago, Mr Collor, former governor of the north-eastern state of Alagoas, had a commanding lead, with about 25m voters backing his programme of liberal economic reform.

Lula, as the Workers' Party candidate is known, narrowly secured second place with about 16 per cent, and so went on to the decider.

Since then, he has constructed a broad alliance among the so-called progressive parties and has had some success at characterising his rival as representing the interests of Brazil's conservative oligarchy.

The whittling away of Mr Collor's lead in the opinion polls is keeping Brazil at election fever pitch, especially in the crowded cities where Lula has his greatest support.

Tens of thousands of supporters of both candidates have been taking part in massive end-of-campaign rallies. On Thursday night, the normally busy streets of downtown Rio de Janeiro were all but deserted as voters stayed home to watch the candidates in the final television debate.

The count is expected to take at least three days – probably more if the result is close.

Under the new constitution, the new president is to take office on March 15, but there is rising speculation that an inflation rate near 50 per cent a month may force outgoing President José Sarney to quit early.

Philippines 'hell on earth' after coup bid

By Greg Hutchinson in Manila

"A HELL on earth" is how Cardinal Jaime Sin, the Philippines' most senior churchman, yesterday described his country following the bloody coup this month.

Lamenting that peace and prosperity had failed to materialise after the bloodless February 1986 rebellion that ousted Ferdinand Marcos, Cardinal Sin, speaking to ambassadors at a Christmas lunch, denounced those involved in the coup and "presidential nepotism", one of the expressed gripes of the military rebels.

"The perpetrators of the coup must definitely be hunted down and punished. But, beyond that, the presidency must be freed of every taint of nepotism."

There had been an ominous silence, he said, since the rebel soldiers returned to their barracks after launching their December 1 coup, which involved a five-day siege of the Makatu financial district, "something like the silence in the eye of typhoon".

"It is not merely that the leaders of the coup have not yet been captured that is so unsettling. Unsettling is the actual inefficiency in many branches of government. Unsettling are the unceasing reports of undue influence of presidential relatives in official government policy."

President Corazin Aquino has promised a revamp of her cabinet before the year is out, and the cardinal's criticisms are seen as pressing her to reform the Government's whole policy-making structure to reverse the politics of patronage that was so much a feature of the Marcos years.

The question is: Will she fold under the pressure?

A senior government minister says she has a fresh determination to give no more ammunition to the rebels. "She was hurt hard," he says of the sixth and bloodiest military revolt in her less than four years in power.

However, many commentators and editorials expressed scepticism that she would meet the challenge. She says she must find suitable replacements before firing poorly performing ministers, and none of the officers who sided with the rebels or failed to rally behind the Government during the last coup has been dismissed.

Meanwhile, military sources said reinforcements were sent to Davao, the largest city on the southern island of Mindanao, as a precaution against another military rebellion. Rodolfo Canieso, director general of the National Intelligence Co-ordinating Agency, had told a senate subcommittee he feared serious trouble in Mindanao, where rebel troops were linking with secessionist groups.

The former army chief said that in any future coup attempt he expected 60 to 70 per cent of the armed forces would remain neutral, backing the side which eventually emerged victorious.

The remaining 30 per cent of the 165,000-strong military would be divided between those with links to the right-wing rebels and government supporters.

The Government has put the cost of the coup and the Makati siege, in which hundreds of foreign tourists were held up in hotels for several days, at \$1.4bn in lost output in goods and services. Private economies have downgraded their growth forecasts to around 4.5 per cent in 1990 from previous estimates, including official ones, of 6.5 per cent and above.

V. P. Singh rejects hasty action as Kashmir erupts

By K.K. Sharma in New Delhi

MR V.P. Singh, India's Prime Minister, yesterday declared that his Government would not take "precipate action" in Kashmir despite reports of a rapid escalation of violence by militants seeking secession.

Yesterday, the authorities in the region called out the army and imposed a curfew in Srinagar and other towns in the state.

Violence in Srinagar and elsewhere was reported despite orders to troops to shoot demonstrators at sight. The militants have apparently gained confidence after the recent release of five of their colleagues in exchange for the kidnapped daughter of Mufti Mohammed Sayeed, the Home Minister in Mr Singh's cabinet who comes from Kashmir.

At his first press conference yesterday as Prime Minister, Mr Singh hinted that he was aware of the ineffectiveness of the present state government led by Mr Farookh Abdullah but wanted to avoid taking hasty action such as the dismissal of the Chief Minister.

Mr Singh appeared to speak with a similar note on the Punjab where militants have conducted a violent secession movement for six years. An all-party conference on Punjab has been called by Mr Singh tomorrow.

On defence, Mr Singh hinted that cuts initiated last year could be reversed.

Fatal accident inquiry ordered into Lockerbie

By James Buxton, Scottish Correspondent

A FATAL accident inquiry is to be held next year into the Lockerbie disaster, in which Pan Am flight 103 was destroyed by a terrorist bomb almost a year ago.

Lord Fraser of Carmyllie, the Lord Advocate of Scotland, said that did not mean that he was taking a pessimistic view of the investigation into the terrorist outrage. But criminal proceedings were not yet imminent and Mr George Esson, chief constable of Dumfries and Galloway, who is in charge of the investigation, said it was not near to making arrests.

The fatal accident inquiry, a procedure under Scots law which has some similarities with a coroner's inquest in England, will investigate not only what happened in the disaster, in which 270 people died, but also what precautions might have been taken to avoid it and any defects in systems that contributed to it.

Lord Fraser did not set a date for the start of the inquiry, which he said would take a long time to organise, but said it was unlikely to take foreign evidence. It might be deferred if there were "developments that took us in the direction of a criminal prosecution."

Dr Jim Swire, who represents the relatives of the British victims of the Lockerbie disaster, said the inquiry was not the full investigation that he wanted to see. It could not sit in camera, so sensitive information might be withheld by the Government on public-interest grounds.

He wanted an independent inquiry held in camera which would also examine the workings of the Department of Transport's air security service. He said the fatal accident inquiry would "answer some of our questions about Lockerbie but in no way would it make the skies safer for other air travellers."

Mr Esson said the Lockerbie investigation was "trying to piece together an international terrorist jigsaw. We have some of the pieces, some we are trying to place and some we have yet to find." Investigators had visited 13 countries and conducted inquiries in 52 countries through other police forces.

At the outset, "one perhaps could not have foreseen the degree of success that has been achieved." The overall inquiry was far from complete, though, and he was unable to predict when it would be.

He denied that there had been a lack of co-operation between investigative agencies of different countries.

Lord Fraser said he said he had no current plans to request the extradition of Mr Mohammed Abu Talb, an alleged Arab terrorist currently awaiting the verdict of a trial in Sweden for terrorist offences, who has been named as being wanted in connection with Lockerbie.

Mr Talb was "but one of many individuals in whom at this stage of the investigation we have an interest. I would not put it any higher than that." Mr Esson said some of the individuals being investigated were linked to the Popular Front for the Liberation of Palestine-General Command, a Palestinian terrorist group, "but it would be wrong to exclude other groups."

● A bill to strengthen aviation security and extend existing and new powers to maritime activities was published by the Government Yesterday.

The Aviation and Maritime Bill strengthens the 1982 Aviation Security Act, giving Department of Transport security inspectors greater powers.

Maritime security inspectors will be able to detain ships where they find security failings, and security infringements would render individuals liable to legal penalties. The same powers will apply to companies providing ancillary services at airports and ports.

Mr Cecil Parkinson, the Transport Secretary, said the bill was part of the Government's response to the Lockerbie disaster.

Legislation will also enable the Government to ratify international conventions and protocols, providing life imprisonment for armed attacks at airports and extradition of suspects for trial in the UK of those charged with attacks abroad. It will also cover terrorism at sea.

THE US Government said yesterday it was concerned that terrorists might be planning attacks against targets in western Europe and west Africa, possibly including Americans.

The State Department said there had been reports of movement of Middle Eastern terrorists in Western Europe, and weapons shipments destined for extremist cells in Spain and Africa had been discovered.

The Foreign Office said it was not aware of any specific threat to UK interests.

BA is authorised to fly Glasgow-New York route

By James Buxton

THE CIVIL Aviation Authority has granted British Airways a licence to fly between Glasgow and New York. The airline hopes to begin operating services next summer.

The CAA's licence has been granted before the Government's announcement of the outcome of its review of Scottish airports policy. It has to decide whether to allow transatlantic flights from Glasgow and other airports, or to reinstate the monopoly of such flights held by Prestwick.

British Airways was granted the licence unexpectedly quickly because other British airlines withdrew their applications, since none of them was able to begin operating as early as BA.

It applied to fly from Glasgow when Mr Cecil Parkinson, Transport Secretary, announced the review of Scottish airports policy in September, after the Government failed in the courts to sustain its policy of limiting transatlantic flights to Prestwick.

Many Scottish business leaders hope the Government will next month announce an open skies policy for Scottish airports, allowing flights from Glasgow to North America.

Settlement nears in Channel tunnel costs dispute

By Charles Leadbeater and David Lascelles

THE LONG-running dispute between Eurotunnel, the Franco-British channel tunnel group, and Transmanche, the consortium of contractors building the tunnel, over rising costs, seemed set last night to be resolved in Eurotunnel's favour after they received a cost assessment from two independent consultants.

It is widely expected that the report by W. S. Atkins in the UK and Setec in France – appointed under the terms of the UK-French Channel Tunnel Treaty – will bring to a head the negotiations over increased costs that have cast a shadow over the project's prospects.

The dispute over cost forecasts broke out in October after Eurotunnel disclosed that it estimated that the cost of completing the tunnel had risen from £4.87bn to about £7bn.

Transmanche, a consortium of five British and five French construction companies contracted to design and build the tunnel, put the final cost at between £7.5bn and £7.7bn.

Eurotunnel and the construction consortium were also at odds over who should bear responsibility for those costs. Transmanche said a significant part of the cost increase was due to changes Eurotunnel had made in the specifications for the project.

It is understood the consultants' report broadly favoured Eurotunnel's estimate of the likely costs of the project. It made some concessions to Transmanche's view that specifications for parts of the work covered by lump sum projects, such as the construction of terminals, were changed after the contract was signed, but it broadly favoured Eurotunnel's position that these were not as significant as claimed by the contractors.

Senior figures in both Eurotunnel and Transmanche believe it is inconceivable that the report will not lead to a settlement of the dispute over costs.

Eurotunnel said it would be unable to approach the consortium of 200 international banks helping to finance the project until it had agreed revised cost estimates with Transmanche, negotiated limits to further increases in tunnelling costs and settled outstanding claims for higher-than-expected tunnelling costs.

If it can agree a package with Transmanche, it may be able to present it to a meeting of the leaders of the banking consortium on December 21, but it is thought more likely that the package will be presented to bankers on January 9, when final decisions on how much extra finance Eurotunnel will have to raise will be made.

Alan Harper

Grave consequences: supporters of All London Against Road Menace (Alarm) near the Houses of Parliament yesterday, mourned effects on the capital of more roads

Civil servant given rail link job

By Charles Leadbeater, Industrial Editor

THE GOVERNMENT yesterday moved to increase its control over plans for a high-speed rail link to the Channel tunnel with the appointment of a senior civil servant as the British Rail executive in charge of the scheme.

BR announced yesterday that Mr John Palmer, former Deputy Secretary at the Department of Transport in charge of public transport, was to become the corporation's managing director for the Channel tunnel project.

Mr Palmer's appointment is viewed with apprehension by some senior executives at BR, who believe he has been brought in to satisfy ministers that the high-speed link will be built without further appeals for public subsidy.

Mr Palmer has a reputation at BR for adopting a commercial approach to the future of the rail network. He was head of the Department of Transport's railway directorate in the early 1980s when the Government set up the Serpell inquiry into the future of the rail network. It recommended far-reaching cuts in public subsidies and cuts in capacity.

BR executives mainly remember Mr Palmer for his reported comment that his job at the department was to oversee an orderly rundown of the railway network.

Mr Palmer will be in charge of negotiations with Eurorail, the private-sector consortium which is to join BR in a joint venture to build the high-speed link and operate all Channel tunnel services.

His responsibilities will encompass plans for a second London terminal for the tunnel services at King's Cross, the co-ordination of plans for passenger and freight services beyond London and the acquisition of an international high-speed train fleet.

BR delayed finalising plans for the high-speed link until November, after environmental measures pushed up its cost.

Mr Palmer will exert considerable influence at BR in concert with Mr John Welsby, who is to become the corporation's chief executive from next month. Mr Welsby used to be in charge of the Channel tunnel project and the two used to work together at the Department of Transport.

BR is preparing for a lengthy period without a full-time chairman after Sir Robert Reid retires on March 31. Mr Robert Reid, his replacement, will become part-time chairman from April 1, and full-time from October.

Pay-off scheme for coal miners

By Maurice Samuelson

BRITISH COAL is to introduce a package of generous redundancy terms as part of its continued streamlining policy. However, it says the decision does not foreshadow an accelerated programme of early pit closures and job losses.

From January 1, a 57-year-old miner earning more than £300 a week will receive a lump sum pay-off of £27,000, and a 32-year-old with 16 years' service will be offered £9,600.

The package will run until March 27 1993, and will span the three years of the bulk contracts to supply the electricity industry, under which British Coal recently secured most of its existing power station business with the successor companies to the Central Electricity Generating Board.

The package is the latest in a series of redundancy incentives that have facilitated the departure of more than 120,000 miners from the coalfields over the past five years. The workforce is now 84,500, including 66,000 at collieries.

Before the electricity contracts were secured, it was widely predicted that 30,000 jobs would be at risk from a likely surge in coal imports and a new round of colliery closures.

Although collieries will continue to close, only five or six are expected to do so in 1990 compared with 20 in the past year. However, the pace of rundown might speed up towards the end of the electricity contract period.

The new redundancy scheme, available to all industrial staff including officials, offers a lump sum payment of three weeks' pay for every year of service, subject to maximums of £300 for a week's pay and 30 years qualifying service.

Miners aged at least 50 who are entitled to concessionary coal on retirement can exchange the entitlement for a lump sum of £4,000.

Competition in valuation services

By Alison Smith

THE CLOSE relationship between the Government's valuation services and Whitehall departments is to be loosened, Mr John Major, the Chancellor, said yesterday.

Departments are required to use government valuers now, but in the future they will be able to consider contracting out some work.

The Government intends that from April 1991 the valuation services should introduce charging for their services, whether they are working for departments or for other bodies such as local authorities. The services employ more than 2,000 professional staff.

Mr Major also said that consideration would be given to setting up parts of the valuation service as an executive agency, separate from the control of Whitehall and ministers.

A team of Whitehall officials will soon begin investigating the setting up of databases for each of the Government's main property estates, both for managing capital assets and assessing government contributions in lieu of rates.

The moves are part of the continuing Treasury aim of bringing greater value for money into government purchasing.

Rover lay-offs to continue until Easter

By John Griffiths

ROVER Group is to lay off 1,000 workers at its Cowley North plant for six weeks early next year to reduce stocks of its 800 executive saloon model.

The move follows two similar lay-offs, each lasting one week, earlier this month and in November. An extra four-day break is also scheduled after Christmas.

Rover said last night that the action was seasonal. The 800 range lay-offs appear unconnected with sales. UK sales of the 800 range totalled 28,308 in the first 11 months of this year, up 3.55 per cent on the same period of 1988.

The lay-offs will take the form of individual weeks, the first beginning on January 30 and the last immediately after Easter.

Montego and Maestro output is also being cut back at Cowley's South works, which is due to be closed in 1992. Output of Maestros is to be cut from 1,020 a week to 945 a week after Christmas, and that of the Montego to 1,325 a week from 1,450.

Evidence to be called on cross-media promotions

By Raymond Snoddy

MR JOHN SADLER, who has been asked by the Government to conduct an inquiry into the way media companies promote their own interests, plans to call for evidence next month.

Mr Sadler, chairman of the Water Research Centre and former deputy chairman of the John Lewis Partnership, conceded yesterday that he had little experience of the media except as a consumer.

However, as a former member of the Monopolies Commission, he inquired into the Radio Times/TV Times programme listings duopoly. The majority wanted the status quo, but Mr Sadler was one of the minority who believed that it was in the public interest for listings magazines to be opened up to competition.

The inquiry announced by Mr Nicholas Ridley, the Trade and Industry Secretary, will look at the way media companies promote their own interests in media products and services.

Obvious examples include the links between Mr Rupert Murdoch's five national newspapers and Sky Television, his satellite television venture, and the way the BBC promotes its own publications.

The former Board of Trade and Treasury civil servant, who expects to spend about one day a week for a year on the task, said the job in essence would be to answer the question: "Is there mischief?"

Mr Sadler added: "If I am asked a question, I like to answer it in a way that is comprehensible."

Sir Gordon Borrie, Director General of Fair Trading, had been looking into the competition aspects of cross-media ownership for some time, but has now decided against pursuing the issue further.

Tories and Big Ben call time on socialism

By John Mason

WITH the *anciens régimes* of East Europe crumbling by the hour, MPs at Westminster yesterday turned philosophers to reflect on socialism's future.

For Tory MPs, the five-hour debate was a chance to revel, claiming developments behind the Iron Curtain as proof of the worldwide-efficacy of Thatcherism and the international collapse of the left.

For Labour, it meant a return to basic thinking.

For both, it was an opportunity to pour personal abuse on the heads of opponents.

"If Russia invaded the Sahara desert, nothing would happen for 10 years but then there would be a shortage of sand," Mr Neil Hamilton, a noted right-winger, said in his opening contribution, setting the level of the day's debate.

Refugees were not fleeing from liberal capitalist countries, he declared – then struggled to explain the existence of so many Chilean exiles.

The protesting peoples of East Europe were not inspired by the petty nationalism of the "bigot from Grantham," retorted Mr Tony Banks, the Labour left-winger.

If playwright Vaclev Havel became President of Czechoslavakia it would be a victory for democratic socialism, he said, looking forward to the day when Downing Street was stormed and Dennis Potter or Howard Brenton installed in the Prime Minister's place.

Mr Kenneth Baker, the Tory Party chairman, lost no chance to exploit the changes in East Europe as he listed the differences between its faltering Communist leaderships and the British Labour party.

Mr Baker said Mr Egon Krenz was more decisive and convincing a leader than Mr Neil Kinnock. He argued that only a few people could join the Communist parties in East Europe, but any old Trotskyite could sign up with the Labour Party.

Some had described the Soviet policy of letting East European countries develop in their own way as the "Sinatra doctrine." That was the best joke to come from Russia since Krushchev's grain forecasts, he continued.

But for others, such as Labour's Mr Eric Heffer, the future of socialism was no such laughing matter. Citing names such as Keir Hardie, Rosa Luxemburg, James Connolly and the Webbs from the left's roll of honour, he explained in pained detail how true socialism had yet to be tried out.

That other venerable sage of the Labour left, Mr Tony Benn, said the roots of socialism went back far further than that. It began in the book of Genesis, he explained, with the story of Cain and Abel and its teaching about being my brother's keeper.

He derided Mr Hamilton's assertions that East Europe was now gleefully embracing capitalist values. "Do you believe that what is happening in Warsaw is because they are clamouring for a poll tax, that they are yearning to sell off their water supplies in Uzbekistan?"

His optimism was as unshakeable as ever – only internationalism and socialism could secure a just distribution of the world's resources, Mr Benn said. But as he spoke, Big Ben ground to a halt.

The clock, which is acknowledged as one of the most reliable in the world, did not move for over three hours because of a fault in its escapement mechanism, which allows movement of the cog controlling the hands.

Charles Kennedy (Lib Dem, Ross Cromarty and Skye) made a timely intervention in the debate saying that although "time has run out on socialism", the clock also seemed to have "stopped on the Conservatism of this Government."

New man at Bank of England favours slow move on EMS

Peter Norman and **David Lascelles** profile the newly appointed Deputy Governor-designate at Threadneedle Street

MR EDDIE George, the Deputy Governor-designate of the Bank of England, sits surrounded by the trappings of power: a bank of screens on one side, a document marked "Secret" on the desk before him and framed mementoes of Britain's huge crisis-time borrowings 10 years ago on the panelled walls. Outside, a footman in pink tails receives visitors.

The appointment of this articulate 51-year-old to the number two job in Threadneedle Street from the end of February coincides with what might be one of the big turning points in the Bank's history.

Over the last five years, the Bank has been intensely preoccupied with reasserting itself as a counterweight to the Treasury in managing Britain's economy and supervising the changes in the City brought about by the Big Bang restructuring in 1986.

The next five will entail the task of managing Britain's participation in stage one of the Delors programme for European economic and monetary union with the expected full entry of sterling into the European Monetary System and recasting the Bank itself to deal with new responsibilities and wider markets.

Mr George made clear yesterday in a Financial Times interview that Britain needed a prolonged period of low inflation to re-establish its economic credibility. He would like Parliament to give the Bank the statutory obligation to strive for stable prices.

He also made clear that he is profoundly sceptical about operating monetary policy according to specific monetary targets. Although he fully agrees with official policy that now would not be the right time to join the ERM, he emerged as a man who will not be afraid to do battle with the Treasury in support of policies that he thinks are right.

Although Mr George has spent his entire career in the Bank since leaving Cambridge with an economics degree in 1962, his appointment as Deputy Governor from the end of February will mean quite a change in his own working life.

As executive director for Home Finance, he headed a relatively small team in charge of policy making and day-to-day management of financial markets. He will now have to share responsibility for administration in the Bank and supervising the City of London.

He will also become the new junior partner to Mr Robin Leigh-Pemberton, the Bank's Governor, in what had become an effective double act. Sir George Blunden, the present Deputy Governor, was originally brought back from retirement to the Bank at the beginning of 1986 to restore morale after the Bank's problems with the loss-making Johnson Matthey Bankers.

However, Sir George, a tough former bank supervisor, grew to be a much more significant figure. Mr Stephen Fay, in his book Portrait of an Old Lady, described Sir George thinking and behaving "as if he were Leigh-Pemberton's *alter ego*."

Mr George would like to see the Bank becoming more independent of politicians and Whitehall. A statutory obligation to strive for low inflation would give "greater clarity of purpose", he says. Yet it could come about only if there was broad political acceptance of that goal in Britain.

He is confident that such acceptance already exists for British entry into the EMS exchange-rate mechanism across the political spectrum. "That is the next major step." However, he is "very happy" with the "received wisdom that it would be unwise to enter until the economy is in better balance" with inflation lower.

Mr George will not speculate on the date of Britain's entry into the ERM and is reluctant to think much beyond stage one of the Delors plan. However, he believes there is a chance that the EC will reach a "*de facto* soft monetary union" after a gradual evolutionary process.

Achievement of domestic monetary stability in the member states would be a precondition for successful co-operation on monetary policy in the Committee of European Central Bank Governors. However, he is sceptical as to whether the committee can set monetary targets for the member states as advocated by Mr Karl Otto Pöhl, the Bundesbank's president. The Bank is unlikely to conduct its domestic money market operations with European objectives in mind.

Indeed, using the carefully coded language of a life-long central banker, Mr George makes clear that he has little faith in monetary targetry in the context of domestic policy.

His new job will bring him more into contact with the Bank's supervisory functions: ensuring that the financial system works safely and smoothly to bolster London's leading role in European markets.

The agenda here is big and technically complicated, likely to provide plenty of work over the next decade. It involves overseeing the banks' fast growing securities businesses and ensuring good relations with securities supervisors and making sure that settlement systems are efficient.

Those who know Mr George well, with his consuming interest in the drama of monetary policy and markets, find it hard to imagine him becoming absorbed with administration and supervision. At 8.30 yesterday on a grey London morning, he looked every inch the market operator. Pausing occasionally to light a cigarette, he gave the impression that he had – like the financial markets he monitors – been awake for many hours.

The length of his 27-year career at the bank has puzzled those who know what value his knowledge could command in the private sector. Although rumoured to have been offered a salary of £1m to join a City bank, he has always preferred to stay with the Old Lady.

Mr George joined the Bank with the aim of staying for five years and seeking a job with the World Bank. He changed his mind after just a year.

In a rare moment of sentimentality, he said: "I love this place; it is the sort of institution which evolves. It's got traditions and history. It's full of nice people. And the job is worthwhile, if that doesn't sound too stuffy."

Eddie George: "The sort of institution which evolves"

Arts dealer loses forgery claim

ART DEALERS were yesterday warned by the Court of Appeal that they had only themselves to blame if, using their own judgment, they bought a forgery believing it to be genuine.

The court dismissed an appeal by Harlingdon & Leinster Enterprises, a dealer, which paid £6,000 for what was thought to be a painting by the German expressionist Gabriele Munter (1877-1962), but was later found to be a forgery worth only £50 to £100.

The dealer, which refunded the purchase price, bought the painting from Christopher Hull Fine Art of Knightsbridge, London. It then made an unsuccessful breach-of-contract claim against Hull under the 1979 Sale of Goods Act.

Lord Justice Nourse said that whether goods were fit for resale could not depend on whether they could be resold without making a loss.

UK NEWS

Thatcher backs Airbus role

By Paul Betts and Charles Leadbeater

MRS Margaret Thatcher gave her unqualified support yesterday to British Aerospace (BAe) and the UK's involvement in the European Airbus programme. She said they were "absolutely vital to the whole economy of the UK."

The Prime Minister's statement at the opening of BAe's new £15m Airbus technical centre at Filton, near Bristol, appeared designed to dispel any idea of strains in her relationship with BAe in the wake of the Rover takeover controversy.

At the same time, Mrs Thatcher sought to underline her commitment to the European Airbus co-operative programme. She said the government support for both the A-320 short-to-medium-range aircraft – in which she flew for the first time yesterday – and the A-330-340 wide-bodied longer-range aircraft had been "good investments."

The Government has provided BAe with £250m in launch aid for the A-320 and £450m for the A-330-340 programme. BAe has a 20 per cent stake in the four-nation Airbus programme.

Mrs Thatcher also said investment in fundamental research and high technology to create a science-based, knowledge-based economy was a priority.

Professor Roland Smith, BAe's chairman, confirmed that the UK group was a "committed partner" in Airbus, which had become, he said, an "outstanding success" in terms of its product. However, he insisted that the consortium now had to prove that it was a commercial success.

He indicated that the arrival of Daimler-Benz through its recent takeover of MBB, the West German Airbus partner in the European programme, was expected to strengthen BAe's campaign to turn Airbus into a more commercially oriented venture.

However, Professor Smith's comments came as Airbus confirmed that Mr Robert Smith – a secondee from British Aerospace – was to leave the consortium after serving as its finance director for only eight months.

The consortium is interviewing candidates to replace Mr Smith, who was appointed as part of the Airbus management's restructuring.

Airbus said yesterday that Mr Smith, who appears to have become disenchanted with Airbus, had decided to pursue a career outside the aerospace industry with Brel, the railway rolling-stock manufacturers. He was seconded to Airbus from BAe's Royal Ordnance factories.

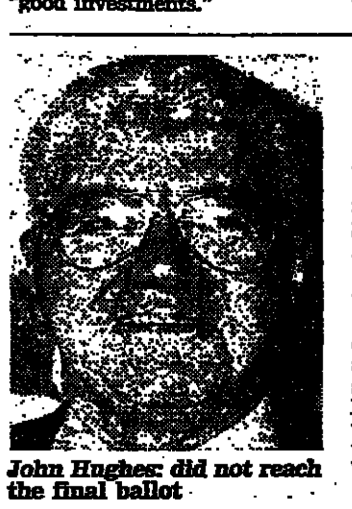
Mr Smith's departure follows the resignation of Mr Adam Brown, another BAe secondee, as vice-president in charge of strategy at Airbus.

The resignations are likely to damage BAe's reputation with its partners, who are expected next month to resolve the long-running dispute between France and Germany over German demands to transfer assembly of the A-320 from Toulouse to Hamburg.

A new report on that controversial issue commissioned by the four Airbus partners has now been submitted to the Airbus supervisory board, which is expected to take a decision at a meeting next month.

BAe and Airbus officials are also increasingly concerned by the possible repercussions of the strike at BAe by UK engineering unions working on the aircraft. Aérospatiale has already cut the rate of final Airbus aircraft assembly at Toulouse to avoid a complete shutdown of production should the UK strike continue.

Third Labour MP deselected



John Hughes: did not reach the final ballot

By Alison Smith

MR JOHN HUGHES, the Labour MP for Coventry North-East, was deselected on Thursday night without even reaching the final ballot.

Mr Hughes, the third Labour MP to be deselected this year, came third behind the new candidate, Mr Bob Ainsworth, a Jaguar shop steward. The second place went to Mr Bill Lapworth, the district secretary of the Coventry branch of the Transport and General Workers' Union.

Party sources described Mr Ainsworth as a Kinnockite and said that the result was not a surprise.

Mr Hughes, who won the seat only in 1987, did not attend Thursday's selection meeting.

Earlier this week, it was announced that there would be an inquiry into the ballot at which Mr Gerry Bermingham, the MP for St Helens South, was deselected. Mr Frank Field, the MP for Birkenhead who was deselected last weekend, has said that he will present evidence about his selection battle to the National Executive Committee, and hoped to resubmit himself as a Labour candidate for the seat.

● Mr Laurie Pavitt, the MP for Brent South from 1974 to 1987, died yesterday at the age of 75. He had served as a government whip (1974-76) and as parliamentary private secretary to two ministers. Mr Neil Kinnock, the leader of the Labour Party, said that he was "greatly saddened" to hear of Mr Pavitt's death.

SmithKline Beecham will shed 344 jobs

By Peter Marsh

SMITHKLINE BEECHAM, the Anglo-US pharmaceuticals and consumer products company, has announced a shake-up of its UK drugs operation.

It will involve a net loss of 344 jobs over the next two years, which amounts to 12 per cent of its pharmaceuticals workforce.

The job losses, which had been expected, follow the formation of the new copmany during the summer after the merger of Beecham of the UK and SmithKline Beckman of the US.

The company has been endeavouring to eliminate overlapping and duplicated operations by an extensive restructuring.

Most of the job losses will be in areas related to drug production and administration. They will be mainly at Welwyn Garden City in Hertfordshire, at Worthing and Crawley in Sussex, and at Brentford in the west of London. The company said it hoped to keep research and sales staff at the present levels.

As part of the reorganisation, the group is to locate the head office of its British drugs operations at Welwyn Garden City, the former UK headquarters of SmithKline Beckman's medicines division.

Drug convictions follow Soviet aid

A SOVIET-British customs operation that blocked the smuggling of £10m worth of drugs into Britain through the Soviet Union brought to justice a gang that had already imported more than £30m worth of cannabis.

Two men were convicted at Chelmsford Crown Court yesterday at the end of a three-month trial at which a senior Soviet customs officer made history by appearing as a prosecution witness in a British court. The two will be sentenced later, as will three other members of the gang who pleaded guilty.

The collaboration, code-named Operation Diplomat, began after an agreement between Mrs Thatcher and President Gorbachev to co-operate in tackling international drug trafficking.

In February last year Soviet customs told the British embassy in Moscow that they had seized 3.5 tonnes of high-quality Afghan cannabis resin destined for Britain, found during a routine check of two rail containers en route from Afghanistan to Britain.

The containers were repacked and resealed in the presence of a British Customs officer, then shipped from Leningrad to Tilbury where, without the gang's knowledge, the drugs were removed.

After giving evidence at the trial, Mr Vladimir Skripnik, a senior Soviet Customs officer, said that without the agreement between the two countries the drugs would have been destroyed and there would have been no arrests.

Under the UK-Soviet agreement, the Soviets have been alerted to suspected routes through the Soviet Union for drugs from Afghanistan, Pakistan and Turkey and have been taught and equipped to identify "stuffers and swallowers" carrying drugs in their bodies.

In return they have supplied information about drug seizures and Soviet training methods.

Johnson Matthey loses tax case over £50m payment

By Raymond Hughes, Law Courts Correspondent

THE INLAND Revenue has won its appeal over the tax status of £50m injected by Johnson Matthey into its collapsed banking offshoot in 1984.

In the High Court yesterday, Mr Justice Vinelott overturned a ruling by tax commissioners that the £50m put into Johnson Matthey Bankers was a revenue payment made for the purposes of Johnson Matthey's trade.

The effect of the decision is that Johnson Matthey cannot after all deduct the £50m from its profits for tax purposes. The payment was made as part of the Bank of England's rescue of JMB. The Bank offered to purchase JMB's shares for £1, provided Johnson Matthey put in £50m before the sale. The Bank also agreed to provide a £250m standby facility for Johnson Matthey.

The judge said that Johnson Matthey had been worried about the effect on its platinum business of the loss of confidence that would follow JMB's collapse. The Bank of England's concern had been the repercussions on the whole banking system.

The tax commissioners had accepted Johnson Matthey's contention that the £50m had been a revenue payment because it had been made solely to preserve Johnson Matthey's trade from collapse.

The Revenue, which argued that it had been a capital payment, said that the commissioners had erred in looking only at the purpose of the payment and ignoring the way that purpose had been achieved. The judge said that Johnson Matthey had found itself in the position that, unless the Bank of England was prepared to support JMB, and make that support known to the public, a receiver would have had to be appointed of the assets of Johnson Matthey – not to preserve its trade but to ensure an orderly realisation of its assets.

The Bank had not been willing to give that support unless it was given control of JMB, and the £50m had had to be injected to make JMB a less unattractive proposition for the Bank. The judge said Johnson Matthey's purpose had been to secure its own business, but it was achieved by a payment of a capital nature.

Charities fight tax on credit card donations

By David Barchard

CHARITIES ARE to lobby the Government next week to change a ruling by Customs and Excise that donations through charity-linked credit cards are liable to tax.

More than 70 affinity cards – credit cards that triggers donations to charity when used – have been issued by banks and building societies in the last two years. It had been assumed that donations would be tax-free.

However, Customs and Excise has now ruled that charities must pay value added tax of 15 per cent on earnings from them. The ruling is based on the argument that charities are receiving payment for services because they make their name, and sometimes their mailing lists, available to the card issuers, who use them for commercial purposes.

To make matters worse for the charities, the Inland Revenue is investigating whether corporation tax of 35 per cent should also be paid on the donations.

"We are facing an absolute hammer blow," said Mr Michael Hannon, finance officer at the Imperial Cancer Research Fund, one of the three charities sponsoring the Leeds Permanent Visa Card. "I am sure that the members of the public who support affinity cards are not aware that 50 per cent of the proceeds could go in tax to the Government."

In most cases, the issuing bank makes a donation to the specified charity for each new card and gives between 20p and 30p for each £100 spent using the card.

The amount of money they earn for charity is difficult to estimate but it probably runs to several million pounds.

Leeds Permanent Building Society said it had raised donations totalling £1m in a year through its Visa card and expected to raise at least as much again in the coming year.

Midland Bank and National Westminster Bank have decided to pay any tax due as well as making the donation, but some smaller institutions have told charities that they cannot afford to make an additional tax payment and the amount will have to be paid by the charity.

EMPLOYMENT

Ambulance crews in London refuse to take controllers' calls

By Fiona Thompson, Labour Staff

LONDON ambulance crews stepped up their industrial action yesterday and refused to take calls from controllers at the London Ambulance Service headquarters. All 999 emergency calls were put through to Scotland Yard and passed on to the army, police and voluntary agencies.

The move signified a sharp escalation of the action in the 13-week pay dispute and lays ambulance staff open to the charge that they have broken their pledge – stressed throughout the dispute – that they will always answer accident and emergency calls.

The crews said they will answer all direct calls made to ambulance stations from the public, the police, the fire service and doctors. But the unions representing the London crews had no information last night about how many calls were being answered by staff at the capital's 71 ambulance stations.

The London crews took the decision to refuse calls from LAS control because they said they could provide a better and faster service to the public by responding to calls directly from their stations.

Duncan Nichol: has moved a considerable way

Throughout the action in London, ambulance crews have had about 20 per cent of all 999 calls put through to them, but the unions claim that many of the remaining 80 per cent being handled by the army and police had not been dealt with quickly enough.

Mr Roger Poole, chief trade union negotiator, wrote to Mr Duncan Nichol, NHS chief executive, yesterday formally rejecting Mr Nichol's suggestion of a Christmas truce. Mr Nichol repeated that the 9 per cent offer over 18 months remained the final offer and again ruled out a pay formula.

"Management has moved a considerable way since the beginning of the dispute, whereas you are still pressing exactly the same points in exactly the same way as when we met at Acas in October," said Mr Nichol.

In Birmingham, the army were last night poised to move in. Eight military ambulances were on their way to take up positions at the city's police stations after the unions warned they could not guarantee minimum staff cover over Christmas.

GKN engineers reject package

By Diane Summers, Labour Staff

ENGINEERING workers at GKN Sankey's Telford plant have rejected a complex pay and working practices package. The proposals included an offer of a reduction in the working week of two hours to 37 hours.

Two-thirds of the workforce voted to send the proposals back for further negotiations. The remaining third of workers will vote on Monday.

The unions involved stressed yesterday that this should not be seen as a setback for the campaign by engineering unions to achieve a reduction in working hours.

The proposal on hours is believed to be acceptable to workers at GKN – the sticking point is principally on wages and other conditions in the package.

The hours proposal would also be broadly acceptable to the Confederation of Shipbuilding and Engineering Unions which is co-ordinating the campaign.

Striking manual workers at the Hillington, Glasgow, plant of Rolls-Royce are voting again today on a deal that would lead to a two-hour cut in the working week. A mass meeting last Monday, against advice from shop stewards, rejected initial proposals for a 37-hour week: workers favoured a 4½-day week, rather than a three-day weekend every fortnight.

Management at Rolls-Royce yesterday sent a letter to all manual workers at the Hillington factory reiterating threats that "substantial lay-offs" would be unavoidable unless the dispute were resolved.

Agreements on a 37-hour week have already gone through at NEI-Parsons, a Tyneside subsidiary of Rolls-Royce, and at the Smiths Industries' plant in Cheltenham. At British Aerospace, management has refused to negotiate hours until strikes at three of its plants are called off.

The shorter working week campaign is due to review tactics on Monday when 200 shop stewards meet in London. The stewards will examine the situation at BAe and look at the effect of the recent reduction from £125 a week to £60 of strike payment from a national levy. The meeting will also review the timing of the next tranche of "targeted" companies in the campaign – these are likely to be the Weir group, Cattons, and the Lucas group.

Vauxhall claims 9.7% offer accepted

By Lisa Wood

VAUXHALL, the vehicle manufacturer, yesterday claimed that it had won acceptance for its 9.7 per cent pay offer at both its plants after an undisclosed majority of balloted workers at Luton accepted the deal.

Workers at Ellesmere Port, Vauxhall's other plant, at a mass meeting last week had been split over the improved offer, with the AEU engineering union and the EETPU in favour and the TGWU union against. But, said Vauxhall yesterday, it believed that when the number of acceptances at Luton were added to those at Ellesmere it would have overall acceptance.

Vauxhall said pickets had been withdrawn at Luton and staff would be working as normal on Monday. Since October workers at both plants have been withdrawing their labour for 24 hours each week. Action was not taken on Friday at Ellesmere because of the ballot.

The ballot was called after the company and sections of the Luton workforce were unhappy with the decision to reject the offer at a mass meeting at Luton last week, the day after the Ellesmere Port mass meeting.

Vauxhall is offering a 9.7 per cent increase to basic pay plus an extra day's holiday for everybody and an additional day for long serving employees. Workers will also receive £200 cash and partial payment of next year's profit sharing, about £350 per person.

The company is also offering improvements to the pension plan and the non-contributory sick pay scheme. The latter relates to the first year of the two-year agreement and will continue if targets are met.

Part of the union's claim was a reduction in the 39-hour working week. Vauxhall said that if the rest of the car industry moved in this direction it would explore the possibility with the aid of the joint negotiating committee.

A merger of reforms and high standards

In his final article on private schools, David Thomas looks at the national curriculum

BRITAIN'S private schools have had to pause and take stock as they prepare to enter the 1990s. The past decade has been good for them, but they are having to confront the Government's educational reforms – a string of initiatives dreamt up for a quite different set of schools.

The most important of those for the private sector is the national curriculum, which state schools in England and Wales began to introduce in September.

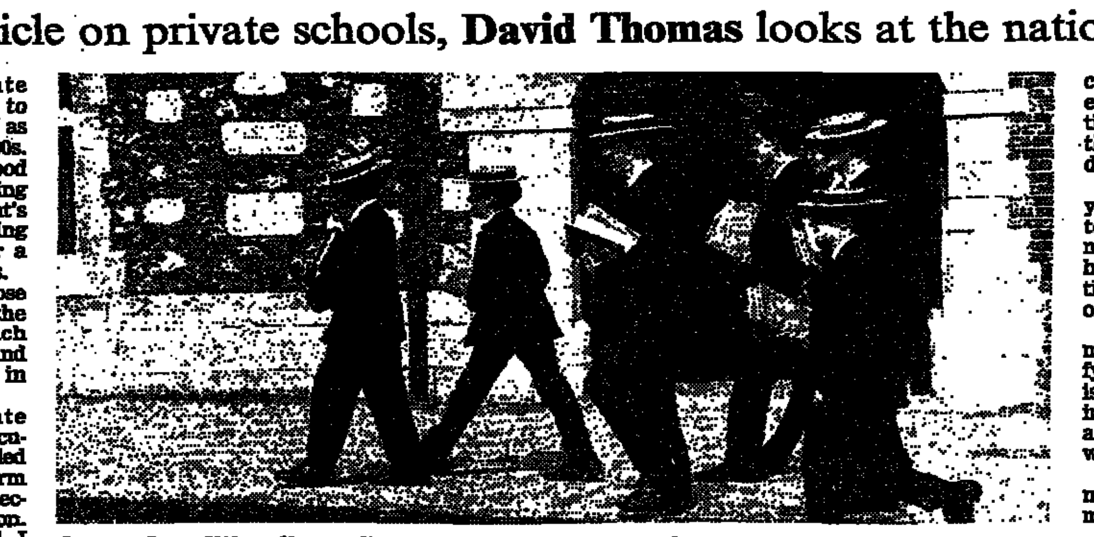
Theoretically, private schools can ignore the curriculum, since they were excluded from the Education Reform Act. Yet few in the private sector believe that to be an option.

"We're taking it on board. I think we must. Our parents will want it," says Mr John Keyte, headmaster of Beaudesert Park, a Gloucestershire prep school.

Mr Keyte's comment is typical. Private school heads believe that parents expect them to cover everything in the state sector - and then a whole lot more. They will have to set the tests for pupils at ages seven, 11 and 14, as demanded under the curriculum, if only because some pupils move between the state and private sectors.

Perhaps only a handful of the most famous senior schools can contemplate ignoring the curriculum.

Mr James Sabben-Clare, Winchester's headmaster, believes the pressure to prepare his pupils for entry to university conflicts with the national curriculum. The most elite schools will have to adapt to plans to merge the demands of the national curriculum and the public exam system. The trend, already in train for the 16-plus GCSE exam, will have implications for the sixth form.



Outward traditionalism: often hand-in-hand with modern teaching methods

There are, some believe, positive reasons for the private sector to adopt the national curriculum. Mr Arthur Hearnden, general secretary of the Independent Schools Joint Council, explains: "The curriculum will introduce a new professionalism into teaching."

Yet even champions of the curriculum such as Mr Hearnden acknowledge the misgivings about it within the private sector. They boil down to two main worries:

● Scope. The national curriculum will force private schools to change their timetables if they carry it out to the letter.

In one respect, that will be beneficial: the curriculum says schools must teach science and technology to all pupils aged between five and 16.

Many prep schools are preparing to start their science and technology teaching at an earlier age, while private schools for girls, in particular, are reassessing their technology teaching.

The impact of the national curriculum on the 14-16 age band is causing widespread concern within the private sector. The curriculum lays down 10 compulsory subjects for that age group.

On the one hand, some private schools have not been teaching all the curriculum subjects.

On the other hand, and more importantly, many private heads want to continue with subjects excluded from the compass of the curriculum – notably classics, a second foreign language and three distinct sciences. The question is how they can be crammed in.

● Standards. Some independent heads are worried about standards in the curriculum, crystallising a more general disquiet with the whole drift of educational change.

Some schools see the jump in grades recorded by their pupils under GCSE as evidence that the new exam has depressed standards. Some heads also question whether the national curriculum, which is to be dovetailed with GCSE, is relevant to pupils' needs.

In public, most private heads say that their schools are doing everything in the curriculum and many of their pupils are working to standards that are considerably beyond it.

The implication – that they will be able to adapt to the curriculum fairly painlessly – seems to an outsider an odd reason for expending so much effort on administering the curriculum's battery of tests.

The debate goes to the heart of the main educational developments in Britain over the last 20 years. It is about the core assumptions underlying educational theory and practice – teaching skills rather than facts, for example, and downgrading rote learning.

Someone educated 20 or 30 years ago, when traditional teaching methods were the norm, would be surprised by how much of modern educational method has been taken on board by the private sector.

Mr Stuart Andrews, headmaster of Clifton, while identifying himself as a traditionalist, explains: "Many of us have in our heart of hearts rebelled against the rote learning to which we were subjected."

The national curriculum will maintain the momentum of the modernisers.

Nearly all the core tenets of the past two decades – that abstruse bodies of knowlege such as grammar are better taught in context, that learning by doing is better than learning from a blackboard – are central to the curriculum's philosophy.

The private schools, with their small classes and expensive facilities, have been able to extract what is sound in these notions, while producing the exam results expected by fee-paying parents.

Private schools look set to adopt for no very compelling educational reasons a curriculum whose rationale is to tackle the problems of a quite different group of schools – the worst performers in the state sector.

It would be the height of ironies if the independent schools were to prove more adept than their state counterparts at extracting what is sound in the national curriculum and discarding the dross.

Bakers vote to accept 8.85% offer

By Lisa Wood, Labour Staff

FEARS OF disruption to bread supplies during the Christmas period ended yesterday when bakery workers voted to accept an 8.85 per cent offer.

A ballot of workers at Allied Bakeries (part of Associated British Foods) and British Bakers (owned by RHM) resulted in 4,336 voting to accept the offer and 2,602 against.

Negotiations have been going on for some weeks between the Federation of Bakers, which represented Britain's two largest bakers – the only two to be covered by a national agreement – and the Bakers, Food and Allied Workers Union.

The improved offer will mean £10 on the basic rate – taking basic pay for workers on the bottom of four grades to £123.12. Improvements had also been made on the original offer on sick pay, safety issues and holidays.

BT managers plan to step up industrial action

By Diane Summers

MIDDLE management at British Telecom is stepping up action with immediate effect following the failure of talks on a new pay structure and individual contracts.

The Society of Telecom Executives, which represents 29,000 of BT's managerial and professional staff, has told its branches to look at ways of tightening an existing withdrawal of goodwill. A ban has been imposed on weekend working.

A strike ballot is planned by the union for January or early February. If, following the ballot, a national strike is called, it would be the union's first.

Brel agrees with unions on pay and conditions

By Fiona Thompson

THE National Union of Railwaymen and the Confederation of Shipbuilding and Engineering Unions have agreed a pay and conditions package with Brel, the recently privatised railway manufacturing company, giving pay increases of 13 per cent.

The unions have also secured an additional day's holiday next year as well as a commitment to a 37-hour week. The timescale for the introduction of the shorter working week will be agreed during the next pay round.

The company has gained an acceptance from the workforce of changed working practices allowing more flexibility and mobility. Multi-skilling will be introduced, resulting in the traditional demarcation lines ceasing.

The company has also bought out all the long-existing railway linked enhancements.

The deal covers 6,500 workers at four plants, two in Derby and one each at York and Crewe, and will be backdated to April 10 1989. The agreement puts skilled craftsmen on £188.89 a week and unskilled staff on £151.53 per week.

Mr Brian Arundel, headquarters officer of the NUR, said the deal was a good one. It was a "model settlement in a post privatisation situation."

The negotiations over the pay and conditions package continued for a number of months. But the NUR said last night that unlike a number of newly privatised companies which within 12 months stripped workers of benefits, the deal agreed with Brel management provided many benefits for the workforce.

Acas to mediate at Manchester Airport

By Ian Hamilton Fazey, Northern Correspondent

THE Advisory, Conciliation and Arbitration Service (Acas) was accepted as mediator by both sides in the two-week-old Manchester Airport baggage handlers' strike yesterday but talks remained deadlocked after nearly eight hours.

An airport spokesman said that prospects of a settlement during the weekend were "not hopeful." The 550 handlers – who rejected a peace formula on Thursday – are due to meet again on Monday.

The airport remained closed for the fifth successive day as some firemen – like the handlers, members of the Transport and General Workers Union – refused to cross picket lines, reducing safety cover below the minimum.

Passengers are still being advised to check in at Manchester as normal and about 400 coaches are being used by airlines to ferry them to Liverpool, Leeds-Bradford and Blackpool airports from where Manchester's 300 flights a day are now operating.

Manchester is losing up to £150,000 a day in landing fees, while shops and services in the terminal buildings have laid off staff and closed down. The airport management says the dispute has now cost or lost several million pounds.

The dispute has now focused on parity between the handlers and the airport's 250 security guards, who are also in the TGWU.

The handlers want the same conditions of pay but management says they are not offering similar flexibility and productivity. Management says it will concede parity if the handlers match the guards' flexibility.

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Pay, prices and jobs

AS THE BRITISH middle class takes its carefully rationed, but now accustomed, windfall from water privatisation, will it look more favourably on the interest rates it has to pay? It seems unlikely. The Government is as responsible for the property-owning democracy as for popular capitalism. A privatisation hand-out is no substitute for lower rates of interest.

Not even a kinder, gentler Mrs Thatcher will make up for present pain. Mrs Thatcher may be polite to European leaders in Strasbourg. She may even be polite about the European Monetary System. But this is little consolation for a newcomer to property ownership, now contemplating the negative equity in her house and the ravages of current interest rates upon her standard of living.

Interestingly, some monetarists are in the forefront of those concerned about current policy. In his introduction to the latest Quarterly Economic Bulletin of the Liverpool Research Group in Macroeconomics, Professor Patrick Minford states that "[monetary conditions] are from any objective point of view quite tight enough, and indeed too tight." The facts do not support him.

Monetary aggregates

The doubling of interest rates since May 1988 has had remarkably little effect upon the monetary aggregates. Professor Minford claims that his favourite measure, M0 or narrow money, is now growing at around 5 per cent. This is perfectly correct for the past 12 months as a whole, but its growth has accelerated, to just under 8 per cent on a seasonally adjusted annual basis over the six months to October. Equally, the broad monetary aggregates are still showing growth of around 20 per cent over the latest six months. Monetary policy may well be too tight, but the monetary aggregates are keeping quiet about it.

The question is whether the evidence of slowdown in the real economy should offset the contrary evidence of the monetary indicators, which are still flashing from amber to red. Among the latter is the weakening exchange rate, which "you cannot ignore," as no less a person than the Prime Minister told the Financial Times this week, though "you also know that what you can do about it is limited."

The argument is decided by another set of indicators, those on the labour market. Failing strong downward pressure in the immediate future, wage inflation will soon be entrenched at a new higher rate of 9 per cent to 10 per cent. This would ensure that the 6.1 per cent retail price inflation (excluding mortgage interest payments) reported yesterday becomes, not a temporary exception, but the new floor. If so, membership of the exchange rate mechanism of the EMS will, on the Government's notorious conditions, remain a distant dream.

Fall in jobless

Seasonally adjusted unemployment has, perhaps surprisingly, fallen by another 25,000 in the month to November 9, while the underlying increase in the index of average earnings in the economy was 9¼ per cent once more. Meanwhile, productivity growth in manufacturing is estimated at a mere 3 per cent in the three months to October and unit costs in manufacturing are rising at around 6 per cent.

These data cast a gloomy light on Britain's problems. We have been told by Mr John Banham, Director General of the CBI, that "there can be only one going rate; it is for unit labour costs, and it must be negative." If that is so, manufacturing industry should now, on average, be offering 3 per cent increases in wages. Needless to say, this has not happened, despite the falling growth of productivity. Nor was it in the least likely to.

Pay increases are, quite simply, far too high and the notion of productivity-related pay is no help. The logic of productivity-related pay is that ever-growing differentials would emerge among people with the same skills who work in different firms and industries. This would waste labour, because efficient firms would remain too small and inefficient firms too large. It is, in fact, precisely the sort of inefficiency that the UK has experienced over the last eight years, since increases in productivity in British manufacturing have led not to more employment and greatly increased output, but to higher wages and profits, instead. Pay should depend on what is required to hire and motivate staff – and no more.

The problem is that no individual firm is concerned with the general level of pay increases. That is the concern of a government. For that very reason it will have to continue squeezing all firms, however clamorous the complaints may become. Only a recession is likely to bring wage inflation to more sensible levels. Mr Nigel Lawson once remarked that the Government made no promise of a soft landing. If the Government is, indeed, serious about lowering inflation once more, the landing is now certain to be bumpy.

"Once the debate is about numbers there are no issues of principle to be discussed, only how many? The argument about numbers is unwinnable because however many you decide upon there will always be someone to campaign for less and others for whom one is too many."

Robert Moore, Racism and Black Resistance in Britain, 1976.

Robin Pauley looks at the issue of immigration from Hong Kong to the UK

Dilemma of a colony's anguish

The British Government, not for the first time, is learning the truth of those words as it searches for shelter from the political hurricane which has blown up over how many Hong Kong people should be allowed to settle in Britain.

Immigration storms have, like hurricanes, followed the same broad pattern for decades. First the climate starts to deteriorate far away (in this case, collapsing confidence prior to China's takeover of Hong Kong in 1997); the Government issues some limited protection from the elements (full right of abode in Britain for key Hong Kong citizens to encourage them to stay put for the time being); the darkening clouds then move nearer home (MPs start to make angry noises); the Government gets caught full in the storm (furious backbenchers monopolise the airwaves to threaten rebellion or worse).

These eruptions, like the weather, affect both the main parties. Both Conservative and Labour under a variety of post-war leaders have tightened controls on immigration in response to populist sentiment, often racist in tone. Both have been engulfed before in the sort of furore now surrounding the Hong Kong issue.

The Government faces a dilemma. Hong Kong will be handed over to China in 1997 under the terms of the 1984 Sino-British Joint Declaration. Mrs Thatcher signed it, with grave misgivings about the lack of guarantees for the Hong Kong people, under Foreign Office pressure. Her instincts have been proved right. The Chinese have been increasingly stubborn against British attempts to negotiate the detail of the declaration. They have resisted plans to give much more autonomy and democracy to Hong Kong people and will give no assurances on issues such as human and political rights or the use of the police and army against demonstrators.

Anxiety has been rising steadily in the colony since 1984. It reached panic levels in June when hardline conservatives replaced liberal reformers in China's leadership in Peking and the People's Liberation Army was ordered to open fire on peaceful demonstrators in Tienanmen Square, killing a large number.

At the same time it was plain that neither Britain nor any other country was prepared to offer citizenship to the entire Hong Kong population to provide an insurance policy if things went disastrously wrong after 1997. About 3.2m people in Hong Kong have British passports but under successive immigration laws these passports have been denuded of the automatic right of abode in Britain. Holders can enter Britain but they cannot stay.

Hence the outflow of Hong Kong's brightest and best qualified people in search of citizenship and passports has been directed to other countries, principally Canada, Australia and the US. Departures will soon exceed 1,000 a week. The old ladies who sell noodles around the seething streets of Hong Kong are not going, but the secretaries, accountants, financial managers, the skilled, the bilingual, the backbone of the thriving economy are.

Various campaigns have urged Britain to restore confidence and stem the loss of talent by issuing full passports to encourage people to stay in Hong Kong in the secure knowledge that they would not be trapped in what Sir David Wilson, the colony's Governor, has described as any future "Armageddon."

The Hong Kong business community, accepting that the Government would not issue full passports to all, has been arguing for enough to maintain the thriving commercial base plus its administrative counterpart in the public sector. A Price Waterhouse survey concluded that in addition to those already holding full passports another 250,000 to 300,000 were needed for essential employees. Adding their wives and children would bring the total up to 700,000-800,000.

The Government is planning a much lower figure: about 40,000 which would mean a total of 140,000-160,000 when dependents are added.

This figure, when announced next week, could find the Government in the worst of all worlds. It will be too small to prevent dismay in Hong Kong and too large for the Government's supporters in parliament. The result could be a further loss of confidence in Hong Kong, accelerated emigration and a decision by the few getting a passport to use it immediately. They might prefer to restart in Britain now rather than wait on in Hong Kong.

It is not clear how many Tory MPs will actually rebel; the objectors are always the noisiest. The Government has been shaken by the strength of opposition but remains confident it can win the day. But the opponents are gathering strength from what Mr Peter Temple-Morris, a more liberal Tory MP representing Leominster, describes as the "more basic" members of the party. Mr John Carlisle, member for Luton North, says: "The Government would be very foolish to allow any in at all. I would slam the door and not have any truck with any sort of compromise. If they introduce legislation they will find it difficult to get it through. There could be a rebellion on a massive and unprecedented scale."

Mr Gerald Howarth, MP for Cannock and Burntwood, says: "The great majority of the party believes it would be a great mistake to allow an influx into this country, particularly if it were on the basis of some alleged moral commitment. I believe a limited number of Chinese could be admitted because they have made an outstanding contribution to the prosperity of Hong Kong."

Not all the opponents are from immigrant-sensitive areas. Mr Ivor Stanbrook represents Orpington in Kent; Mr Norman Tebbit and Mr Timothy Janman represent Essex constituencies. "We don't want them in we don't want a single one of them in. The Government will find a backlash from the back benches on a scale it has not seen for many a year if it goes ahead with this absolute nonsense. It is unthinkable. We shall fight it tooth and nail. There will be one almighty row," says Mr Janman, MP for Thurrock.

There are plenty more. And there is no shortage of Labour Party members who are happy to criticise the Government's Hong Kong policy while privately agreeing with the most vehement of the Tory anti-immigration faction. There has been no clear picture of Labour policy on immigration and passports from Hong Kong from either Mr Gerald Kaufman, shadow Foreign Secretary or Mr Roy Hattersley, shadow Home Secretary, both of whom represent constituencies with substantial immigrant communities.

Labour's approach, which makes sense politically if not morally, may be to leave the Conservatives to harm each other. For both the people of Hong Kong and the British Government the passports issue now looks unwinnable. In that sense it repeats precisely the history of immigration issues to date.

A HUNDRED YEARS ago it was the Jews, fleeing from eastern Europe and Russia, who sparked furious anti-immigration protests. At regular intervals ever since, similar racially focused protests of one sort or another have surfaced in Britain. The result has been a persistent tightening of immigrant legislation. It is now very hard for any member of a non-EC country to settle in Britain without having substantial personal wealth.

The progenitor of today's immigration controls was the Aliens Act of 1905, the result of a sustained anti-semitic campaign.

In spite of regular anti-black riots, notably in Nottingham and Notting Hill, London, in 1958, Commonwealth citizens largely escaped immigration controls until the Commonwealth Immigrants Act in 1962. Indeed, for about 15 years after 1945 West Indians were actively recruited to work in the UK's post-war industries. A quarter of the men and half the women who came were trained non-manual workers and a further 50 per cent of men and 25 per cent of women were skilled workers.

By the early 1960s, the rate of arrival was speeding up from throughout the Commonwealth. As Afro-Caribbean immigration tailed off, virtually ending in the mid-1960s, arrivals from the Indian subcontinent picked up sharply and many of these new arrivals had minimal or no skills. In 1959, there had been only 850 immigrants from Pakistan, in 1961 there were 25,100.

The 1962 act introduced immigration control for all British subjects except those born in the UK or who held British passports. An employment skills grading system was introduced. The skills categories were tightened further in the mid-1960s.

Mr Enoch Powell's "Rivers of Blood" speech in 1968 preceded the Commonwealth Immigrants Act 1968 which closed the loophole through which people from the former British colonies, Uganda and Kenya, who had retained their British passports were free from immigration control. Africanisation in those countries was leading Asians to leave for Britain, and the Labour Government pushed the law through in three days to introduce a voucher system for Asians from Africa. Throughout the post-war period Labour and Conservative ministers have become equally and increasingly hostile to immigration.

Virtually all existing immigration law was replaced by the succeeding Conservative Government in the Immigration Act of 1971, which remains the basis of control. In the same year the Government trebled to 4,500 an annual quota of special vouchers to deal with Asians expelled from Uganda by President Idi Amin. The tighter controls meant that immigration from the "black and brown" New Commonwealth peaked at 68,000 arrivals in 1972; since then most of the growth in the ethnic minority communities has come from births. In 1987, only 46,000 people were accepted for settlement into the UK from the rest of the world, of which 21,000 were from the New Commonwealth. Last year's and this year's figures are about the same.

Mrs Margaret Thatcher's decade in office has been marked by further closure of the immigration door in response to ever stronger demands from her party, usually taken up vociferously – as happened this week over Hong Kong immigration – by Tory MPs in marginal constituencies with significant immigrant communities.

The 1981 British Nationality Act introduced three new categories with most Commonwealth citizens becoming British Overseas Citizens. Last year, a new immigration act tightened some of the entry rules and changed the appeal process.

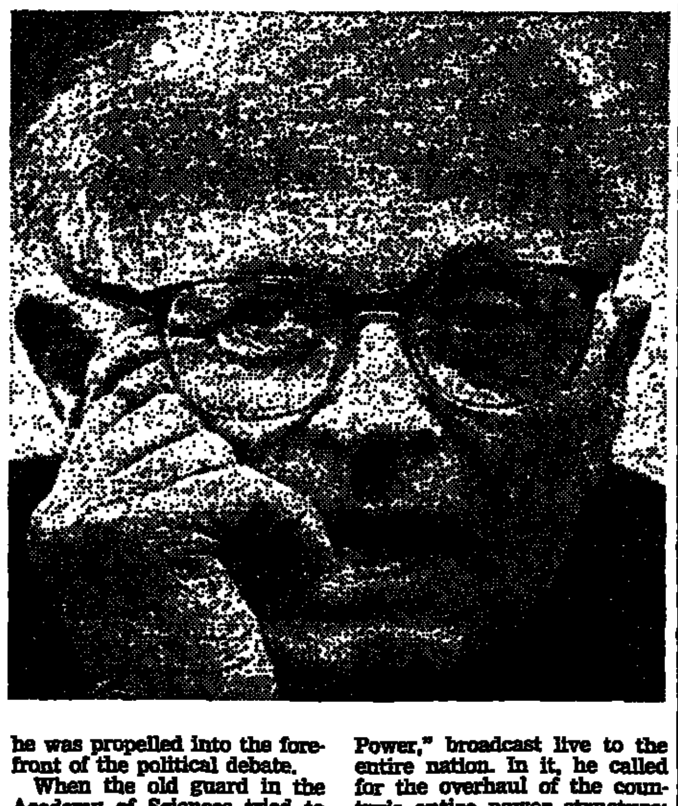
The popular debate about immigration remains peppered with myths. Many people believe that most immigrants to Britain have been non-white, that they comprise a large proportion of the population and they have resulted in a large increase in the total population of an already overcrowded island. All are incorrect.

Of the people living in Britain who were born overseas more than half are white. Official figures show that of Britain's 54.2m people 51.1m are white. Minority groups account for 2.4m people, or 4.5 per cent of the population, of which 1.8m, or 3.3 per cent, are black or brown. The "Chinese" population is 115,000, or 0.2 per cent. The proposal to give right of abode to 150,000 Hong Kong residents would, if all came to Britain, increase the "Chinese" community to 265,000 or 0.5 per cent.

Between 1951 and 1971 the UK population grew steadily, but since then has grown very slowly. Between 1971 and 1983 more people left the country, overall, than entered although since then the trend has been reversed, partly because of easier movement between EC countries for EC nationals.

Freedom's champion

Quentin Peel on Andrei Sakharov who died on Thursday



A harsh, rasping voice, stumbling over its words, uncompromising and thoroughly uncomfortable, will no longer be heard in the Soviet Union's Congress of People's Deputies.

Yesterday, someone had placed red carnations on the empty seat where Dr Andrei Sakharov, for two decades the father figure and moral conscience of Soviet dissent, had sat the day before. The deputies, who only seven months ago had howled him down in derision for his unflagging opposition to the Soviet invasion of Afghanistan and all it represented, stood for a minute's silence in tribute to him.

No longer will Mr Mikhail Gorbachev look down from the chairman's seat and see the frail, bowed figure, bald head gleaming, white hair unkempt and tie askew, tottering up the aisle, and demanding the right to speak. "Yes, Andrei Dmitriyevich," the Soviet leader used to say wearily, and the chamber would suddenly go quiet.

Dr Sakharov lived to see the beginning of the foundations of the law-based state, for which he had campaigned against appalling odds for half his life, being laid.

Yet he died too soon to see it really begin to work. The whole perestroika process, political, economic and environmental (for he was one of the first to raise the issue of the awful environmental havoc wreaked by the Soviet planning system), is still in the balance. Dr Sakharov's uncompromising voice, as the conscience of the Soviet state, was one of the few guarantees that it might eventually work.

He died an exhausted man, his health broken by his six years in exile to the bleak provincial city of Gorky, and a lifetime of complete devotion to the defence of others less privileged than himself, although he was kept in a tiny two-room flat, and harassed by the thugs of the KGB throughout his years of dissent.

Aged 68, he looked 10 years older, and yet he never spared himself to the end, tirelessly attending political meetings, drafting speeches, receiving colleagues, foreign visitors, and pestering Soviet officialdom. Latterly, the great irony was that he was hounded more by the press than the KGB, as his wife Yelena Bonner bitterly remarked at the door of their apartment yesterday.

For that, he had abandoned a life of privilege: as the brilliant young nuclear physicist, key member in the team which developed the Soviet hydrogen bomb, three times Hero of Socialist Labour, holder of the supreme Order of Lenin, and a Stalin Prize, elected to the Academy of Sciences at the age of only 32, he was entitled to almost any comfort the Soviet system had to offer.

Yet from the watershed years of 1957-58, when he began to question the need for further nuclear testing, the quality of scientific training, and the growing damage to the environment, he turned his back on it all.

He had a furious row with Khrushchev in 1962, again on the issue of nuclear testing, fell further out of favour in 1964 when he attacked the Soviet biology supremo, T.D. Lysenko (subsequently discredited), and then sealed his fate as an outsider by publishing abroad a 10,000-word appeal for intellectual freedom, East-West convergence and human rights, in 1968. The following March he was sacked from his position as chief consultant to the State Committee for Atomic Energy.

From then on he was involved almost full-time in human rights agitation, signing petitions and appearing at political trials, launching hunger strikes and standing on lonely vigils in the streets, listening to the endless tales of political and bureaucratic persecution of ordinary Soviet citizens over cups of tea in his kitchen, and then hounding the authorities to relent.

His towering intellect and moral stature, but above all his status as a member of the Academy of Sciences, gave him protection from outright persecution. Yet he was subject to endless harassment by the KGB, from hooligan attacks, to permanent surveillance, intercepted mail and bugged telephones, occasional arrest, his travel denied, and his requests for rehousing refused.

In 1975 he was awarded the Nobel Peace Prize, a hugely popular gesture internationally. The citation read that he had fought "not only against the abuse of power and violations of human dignity in all its forms, but has with equal vigour fought for the ideal of a state founded on the principle of justice for all."

The Tass news agency denounced the move as "a political gesture to fuel the anti-Soviet campaign and impede the process of detente." He was not allowed to Oslo to receive it.

Then in 1979 he finally stepped beyond the limits of tolerance of the Brezhnev regime, when he denounced the invasion of Afghanistan, and he was banished to Gorky.

It was Mr Gorbachev himself who rang Dr Sakharov to tell him he could come home, in December 1986. Since then his rehabilitation has been remarkable. In spite of his awkwardness and his frailness, he was propelled into the forefront of the political debate.

When the old guard in the Academy of Sciences tried to exclude him from its list of deputies, his scientific colleagues finally rallied round and rejected the entire list, to ensure his nomination.

Of all his qualities, the one most cited by both supporters and opponents yesterday was his absolute sincerity. "Among all the deputies here, he never made any claim to power or office. He was a great man," Dr Gavriil Popov, fellow leader of the radical Inter-Regional Group, declared.

He still infuriated Communist Party loyalists, and often Mr Gorbachev himself, to the bitter end.

The most abiding vision, and the most dramatic moment of all, was in the closing moments of the first session of the Congress of Deputies, when Dr Sakharov insisted that he be given the rostrum for a final statement.

He then read his "Decree on Power," broadcast live to the entire nation. In it, he called for the overhaul of the country's entire power structure: the abolition of the monopoly rule of the Communist Party, supreme authority for the Congress itself, and for the KGB to be made answerable to the deputies. Again and again, Mr Gorbachev and the conservative majority attempted to interrupt him. His quavering voice was unstoppable.

"Just as Einstein presented ideas that were ahead of their time, so Sakharov suggested many things we weren't always ready for," historian Roy Medvedev said yesterday. "But time quite often showed he was right."

Last night the reformers were distraught at his loss. "Others may say the same things, but they will not be listened to," one deputy declared. "It is the worst possible moment to lose Academician Sakharov," said Professor Oleg Bogomolov. "We needed him."

MAN IN THE NEWS

Patricio Aylwin

Veteran leader triumphs for 'all Chileans'

By Robert Graham

The victory of Mr Patricio Aylwin, the opposition candidate in yesterday's presidential elections, removes the last hurdle in Chile's slow but incredibly ordered return to democratic government.

The Chile that the 71 year-old Christian Democrat leader will govern, when he takes office in March, is almost unrecognisable from the previous era of democracy under the Popular Front government of the late President Salvador Allende. The 16 years of General Augusto Pinochet's military rule have been a bitter but chastening experience in which Chile has matured politically, and has been transformed socially by the introduction of a market economy.

As a result, Chile is much better equipped to avoid the pitfalls of disastrous administration and economic mismanagement shown by Argentina and Brazil in the transition from military to civilian rule. The economy is soundly structured and growing at 8 per cent. Disruption from a change of government is are likely to be limited due to the opposition's commitment to maintain the existing macro-economic framework. If the military now absorb the message from the electorate and recognise the primacy of civilian authority, Chile should become an exceptional model of a democratic transition in Latin American.

"Today Chile has recovered her freedom, Chile has recovered her democracy. I want to be the President of all Chileans," Mr Aylwin declared yesterday before thousands of celebrating supporters.

His reference to governing in the name of "all Chileans" reflected the conciliatory tone of his entire campaign and echoed the words used by King Juan Carlos when he began the transition in Spain on Franco's death. The Spanish transition from dictatorship to democracy has had a strong influence on Chile."

Mr Aylwin won obtained 55 per cent of the vote, with the remainder split 29 per cent between Mr Hernan Büchi, the former Finance Minister who stood as the government candidate, who won 29 per cent, and 15 per cent won by for Mr Juan Francisco Javier Errázuriz, the right-wing independent. At every stage of the campaign the polls consistently predicted Mr Aylwin would obtain such a share of the vote.

It is virtually the same as the percentage of those voting against Gen Pinochet in the September 1988 plebiscite to decide whether or not the General should enjoy a further eight years in office after March.

Although Mr Aylwin stood head and shoulders above the other two highly inexperienced candidates, his support was less personal and much more a vote for political pluralism and for an end to the divisive confrontational style of Gen Pinochet. Nevertheless, the coalition of 17 opposition parties who backed Mr Aylwin have been vindicated by their choice. As a profoundly catholic family man and a moderate within the Christian Democrats who condoned the 1973 military coup against President Allende, Mr Aylwin has been a hard target for official propaganda to undermine. He showed considerable firmness in keeping the opposition coalition united throughout the campaign and this in turn has helped to project a responsible image for a grouping that included leftist parties heavily identified with the mistakes of the Allende era. Both the other candidates largely failed to play on fears of a return to populist politics dominated by the evil hand of Marxists.

Silvery haired and benign looking, Mr Aylwin also projects a reassuring paternalistic figure beside the Prussian-style uniforms of the stern-faced Gen Pinochet. He himself has a penchant for wooly cardigans, even in summer. He has set great store by his family privacy and since becoming a presidential candidate has always sought to spend Sundays alone with his family, which extends to 11 grand-children.

The family man image and his obvious sincerity have more than offset his uninspiring public speeches and probably helped add conviction to his conciliatory message to end the divisions in society and heal the wounds caused by the brutality of military rule. In contrast, the 40 year-old Mr Büchi lacked credibility precisely because he could not preach the message of reconciliation. He was tainted for having served under Gen Pinochet, albeit as a technocrat. Having doubted very publicly whether or not to be a candidate, Mr Büchi then fitted uncomfortably into the role of politician on the stump. Gen Pinochet made a serious mistake misjudgement by shoe-horning him into being the government candidate. Without a party base, he disrupted the traditional parties of the Right and distracted attention from their battle to obtain solid representation in parliament. The Right is now in disarray.

There are obvious tensions among the 17 parties of the opposition coalition, and Mr Aylwin's political skills will be tested in maintaining unity. However, he will be helped by the Christian Democrats being the dominant partner through their being well represented in the new congress and senate.

The parties have also agreed in advance on a detailed programme of reforms to the 1981 Constitution democratising society which will absorb the bulk of his four years in office. Moderation will forced upon the new government by the need to respect the size of the centre-right vote and the backstage presence of the military, who still regard themselves as guardian's of Chile's destiny.

The greatest obstacle ahead is the position of 74 year-old Gen Pinochet who has enshrined for himself in law the privilege of remaining commander-in-chief of the forces for eight years with powers that are in direct conflict with the supremacy of civilian authority. These powers can formally be altered only via a two-thirds vote to change the constitution in parliament.

Nevertheless, Gen Pinochet has given ground – grudgingly – on every key issue in the past two years. He went ahead with the plebiscite on whether he should remain in the presidency even when he realised it was a referendum on his rule that he could lose. He accepted the outcome even though he realised this meant Chile's next president would almost certainly not be of his choice. He thus became the first military dictator to accept to leave office via the decision of the ballot box.

Since then he agreed to changes in the Constitution on the presence of political parties, which he vowed never to countenance; and only this month he accepted, in spite of strong initial objections, to nominate two opposition-recommended technocrats to the five-man executive board of the newly independent Central Bank.

"The Central Bank agreement (with the opposition) is a sign that Pinochet will leave being Commander-in-Chief of the Armed Forces. He will now be looking for the moment to say: well I've done my job", says Mr Sergio Bitar, the social democrat leader.

For more than two years the representatives of the Air Force, Carabineros and Navy in the ruling Junta have been looking for a graceful exit for themselves and Gen Pinochet. Only the hardline Army, Gen Pinochet's service, have wanted to legislate a blocking role for the military on future civilian governments. This position was originally prompted by fears that the free market reforms would be reversed and the Left would return in triumph to persecute them for human rights abuses. However, Mr Aylwin has ruled out trials of the military; while his team is committed to retain the broad lines of economic policy. Monetary policy anyway is firmly in the hands of the autonomous the Central Bank.

"By agreeing to the autonomous Central Bank, we wanted to give a very clear signal," says Mr Alejandro Foxley, the economist tipped to be the next Finance Minister. "We want to maintain economic stability." He admits the government will be under pressure to raise wages which have been held down despite an average economic growth of over 6 per cent for the past five years amid signs of a tightening labour market. However, Chile still has a foreign debt of $16.5bn and despite exports growing at over 10 per cent a year, the economy can still be blown off course. "The room for manouevre for any government next year is small and we shall have to be more conservative than many might expect," he adds.

He, like other members of the opposition have attacked aspects of Gen Pinochet's "economic miracle." But this has been more because the success of Chile's restructured economy provided the General with his main aura of legitimacy. In practice every opposition politician now concedes Chile to be the best placed of any Latin American country to haul itself out of the Third World. Chile today is not far distant from Portugal in the early 70s.

Chancellor Kohl's Christmas Carol

By David Marsh

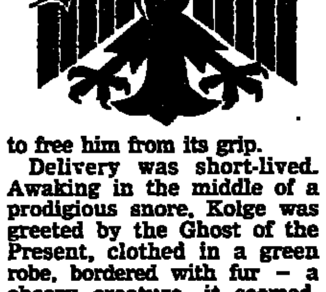
As the carriage with the three-pointed star crunched to a halt outside his lodgings, it was the door knocker – a humble enough object, in itself – which made Kolge reflect that something, this German Christmas, was peculiar. In the long, hard years building up his business, Kolge had kept his feet on the ground. The news of extravagance by former directors of Modro and Co, the once-affiliated East End firm which he was now negotiating to re-absorb, was one more reason, Kolge told himself, to avoid ostentation.

He shivered beneath his greatcoat. The knocker . . . in the light of the lantern, it had, through the fog, taken on the grizzled features of the firm's founder partner, Bismarl, long-dead, but a guiding memory still from the years before the great bankruptcy. Kolge's natural thriftiness and his stubborn belief that, one day, reunited with the old subsidiaries, the company would rise to fortune again, had prevented him from painting out Bismarl's now-faded name above the warehouse door. Kolge's competitors, neighbouring merchants in the city, did not like too many reminders of the old scoundrel. But, now that the firm had risen to become again the most powerful counting house in the community, that was not, Kolge thought fiercely as he rammed the key into the lock, his problem.

Inside, Kolge took his gruel by the embers of the fire, trimmed a candle, and went upstairs. He had worked his way up with tenacity and capacity for eliminating rivals, rather than through an excess of imagination. But for several nights, figures and fancies had flooded his dreams. Nervousness was natural, he had tried to comfort himself, during the preparations for Modro and Co's crucial shareholders' meeting next year, which would be decisive for the takeover bid..

Now, in his bed-chamber, as he drifted into slumber, the phantom of his old partner came upon him. It was Bismarl, in the same waistcoat, tights and boots he used to wear, staring at him with fixed, glazed eyes. "Humbug!" muttered Kolge, unconvincingly. The spectre had around his waist a padlocked chain intricately forged with the patterns of many nations. Among the larger ones, Kolge could make out the ensigns of the four receivers who had organised the bankruptcy proceedings. All else faded as the apparition wrung his shadowy hands and, with a sharp, thin cry, prepared Kolge for the visitations of the night.

The first apparition was not long coming. Through heavy-lidded eyes, Kolge beheld a noble child, blond, with muscular arms. Kolge was up-ended, and carried out across fields and meadows, not as the land was now, but as it had been, 50 years before. There was cheering and merriment and much marching and song. With one daring thrust after another into foreign territories, the firm appeared headed for greatness, before it all come calamitously to an end. Kolge had been a young man then, but he knew the story well from the dusty ledgers in the cellar. With a shudder, Kolge beseeched the ghost of the past



to free him from its grip.

Delivery was short-lived. Awaking in the middle of a prodigious snore, Kolge was greeted by the Ghost of the Present, clothed in a green robe, bordered with fur – a cheery creature, it seemed. Uncomplainingly, Kolge was led to Modro and Co's offices in an unsalubrious neighbourhood. Modro was well-known to have great difficulties in holding on to staff; Kolge's pernickety mind noticed that the paint was peeling; doors and windows needed repairing. Inside Modro's dwelling-house, however, Kolge's nostrils swelled; the aroma of sizzling goose-flesh, and manifold gravies, and roasted apples, and hot gin and honey invaded his senses. The office workers were thinner, hungrier and fewer in number than in Kolge's own district; but was not their rejoicing greater?

Slowly, solemnly, the third phantom approached, shrouded and silent. Kolge pressed his knees against the cotton of his nightgown to restrain an involuntary quaking. "I am in the presence of Germany Yet to Come?" he asked, knowing the answer. The apparition led him to a grave; a little knot of businessmen stood around it. Their mourning was not conspicuous; indeed, an unfitting merriment stirred abroad. "Destiny decreed it," said one, piously; "Over-reaching himself," came another judgment, breathed into the frosty air. "Took on too much debt . . . convertibility too quick . . . those easterners know something about doctoring balance sheets," said another, admiringly. The ghost, immovable, pointed down with bedraped hand to the headstone. Kolge shrunk as he deciphered the inscription: "D-Mark"!! Beseechingly, his hands held in prayer to reverse his fate, Kolge fell back upon his bed.

The spirits' work struck deep. The next morning, Kolge's neighbours beheld a startling transformation. But nowhere was there more surprise – and good-hearted cheer – than in the honest household of Frank Mitchit, a clerk in French bills of exchange, who for years had laboured, with very little thanks, as a junior partner in Kolge's enterprise. "Hey you," Kolge called to a small boy scurrying in the street. "Go to the money changers at the corner. Fetch the biggest Ecu they have. Take it to the Mitchits!" Kolge's heart was full; curmudgeonliness banished. He called on the community aldermen, pressing into their hands a cheque for the social fund.

Even Modro, bent over his labours in the East, leant back later that afternoon and allowed himself an astonished, low laugh. Kolge had sent a munificent telegram to the four receivers, agreeing to a full meeting in 12 months' time of community merchants to discuss the Modro and Co prospectus. The takeover offer had been postponed – at least until next Christmas.

LETTERS

Time for an end to the economic blockade against Vietnam

From Mr Peter Carey.

The forcible repatriation of Vietnamese boat people from Hong Kong has rightly aroused feelings of shame and anger in many people in Britain. Whatever the official arguments in London and Hong Kong for the need for such an action, the fact is that force is being used to coerce individuals to return to a country from which they have fled at great personal risk.

Is it not time that politicians in this country began to address the causes of the malaise in Indochina? After 10 years of economic blockade imposed by the US in the aftermath of the Vietnamese invasion of Cambodia in December 1978 and the draining effect of the occupation that followed, it is not surprising that the Vietnamese economy is in a bad way. Some areas in the north suffered near famine last year.

By following the lead of the US with regard to Vietnam and approving of Washington's support for the Khmer Rouge-dominated opposition in Cambodia, Britain has helped to create the conditions which have caused the removal to Hong Kong of boat people from Vietnam's northern provinces. There is no guarantee that the forcible repatriation of all remaining Vietnamese "illegals" from Hong Kong (were Britain to undertake to do it) would halt the flow of economic migrants in future years. With every new "sailing season," and as long as Vietnam's economy remains straitened by the western blockade, thousands more will hazard their lives in small boats on the South China Sea.

Vietnamese combat units have been withdrawn from Cambodia. Hanoi desires to rejoin the international economic community. Why then is Britain still being held hostage to the US end-game in Indochina? Why does it continue to underwrite a policy which seeks to punish Vietnam for its military successes of the 1970s?

If Britain were a true ally of the US, it would argue for a more creative policy towards Indochina. The sort of *politique du pire* which has caused Washington to back the Khmer Rouge, and this year veto the UN Development Programme assessment mission to Phnom Penh and block Vietnam's IMF bridging loan (one supported by Britain, France and West Germany), must end. It is in Britain's national interest to see a stable and prosperous Indochina, an Indochina reintegrated into the world economy and one in which there are sufficient economic incentives to keep its populations at home.

Peter Carey,
Fellow and Tutor in Modern History,
Trinity College,
Oxford

From Ms Mary Purcell.

Sir, War on Want – which has been working in Vietnam for more than three years, supporting poor peasants, the women's union and urban dwellers – believes that poverty is one of the chief reasons why people leave the country. Poverty in Vietnam has been made worse by the aid and trade blockade supported by a number of western governments, including Britain's. If Britain wants the number of economic refugees to decline, it must assist the Government and people of Vietnam with long-term development programmes which attack poverty at its root.

Vietnam has received no bilateral aid from Britain since 1979 when, because of the Vietnamese intervention in Cambodia, aid was suspended, preferential trade was discouraged and no export guarantee credits were made available to British companies.

Exclusion from British and other western aid has crippled Vietnam's attempts to boost domestic production and development. A constant shortage of foreign exchange makes it impossible to import goods, such as fertilisers, machinery and seeds, essential for growing food. For this reason agricultural production can not grow fast enough, and poverty persists.

Vietnamese combat units have been withdrawn from Cambodia. Britain is, therefore, not justified in continuing to deny Vietnam aid and trade. We call on the British Government to end the senseless embargo and to use its influence to persuade the US to do likewise.

Finally, the Overseas Development Administration must pledge financial support to programmes in Vietnam sponsored by British non-governmental organisations such as War on Want.

Mary Purcell,
Programme Officer for Asia,
War on Want,
37-39 Great Guildford Street, SE1

An expensive case of long-term forgetfulness

From Mr Rafael F. Scharf.

Sir, I have discovered, by accident, that I had not redeemed a tranche of National Savings Certificates when they matured and that they had been lying fallow for a number of years (earning interest at 5.01 per cent).

My bank manager tells me that there are scores of such cases in his branch alone. There are, it seems, many ordinary people who do not keep a watchful eye on their long-term investments. National Savings must derive enormous sums from such forgetfulness and is, no doubt, well aware that the public is being preyed on.

To me this smells of malpractice unworthy of a state institution. A suitable reminder when Certificates fall due should be obligatory.

Rafael F. Scharf,
52 Temple Fortune Hill, NW11

The trouble with Thrifts

From Mr D.H.A. Harrison.

Sir, The absence of depositor discipline, highlighted in your editorial (December 6) as a principal cause of the US Savings and Loan crisis could be remedied more effectively by reducing the percentage of insurance cover.

If the insured portion represented 75 per cent of the deposit, as in the UK, there would be no need to worry about the packaging of multiple deposits, which you see as an abuse of the current system. The risk of a 25 per cent loss would be sufficient to provoke a flight to quality.

The omission of such a simple solution from the US Administration's bail-out formula reflects the strength of the consumerist pressures which precipitated the crisis in the first place.

Yielding to one lobby by releasing Regulation Q, while refusing to confront another one by abandoning the fixed rate mortgage restriction, made it necessary to permit insured funds to seek the higher rewards of higher risk. Obliging savers to take some responsibility for their own decisions is similarly seen as politically unacceptable.

Until the moral hazard is reduced by restoring a modest element of *caveat emptor*, no amount of regulation, whose inherent limitations you recognise, will save the US taxpayer from a repeat performance.

D.H.A. Harrison,
Woodcote Lodge,
West Horsley, Surrey

Gold price

From Mr Mark Wilson.

Sir, You report (December 14) that British Aerospace finds the Government's indefinite golden share an impediment to its business plans.

Given the Government's professed adherence to free market principles, and the amount of money recently gifted by the Government to BAe shareholders via the Royal Ordnance and Rover sales, should not Mr Ridley ask BAe to offer him a price for his golden share – perhaps £500m?

Mark Wilson,
7 The Clone,
Kingston Hill,
Kingston, Surrey

Abundant engineers

From Mr Ron Kirby.

Sir, Alan Ducker (Letters, December 14) bemoans the fact that the "occasional half-page" of names of newly-qualified engineers is outweighed by the number of accountants.

He need not fear. In the annual list put out by the Institute of Chartered Accountants the number of newly-qualified is about 3,000. The lists of Chartered Engineers and Incorporated Engineers name more than 10,000 every year.

Ron Kirby,
The Engineering Council,
10 Maltravers Street, WC2

Disciplined engineers

From Mr P.G. Tyrer.

Sir, I refer to Max Wilkinson's Lombard column "How not to treat young engineers" (December 11) and to his light-hearted reference to pre-university work experience which was "all splendid discipline, no doubt, if there had been more meat in the stew."

In the light of the remainder of his article, surely the discipline learnt was the meat in the stew.

P.G. Tyrer,
The Old School House,
Iford,
Lewes,

Self-regulation in the City

From Mr G.S. Stoney.

Sir, Your leader on regulation in the City (December 12) is excellent, but I disagree with your suggestion that self-regulation will soon be dead. Rather, self-regulation has never really been given a chance.

The Government has given in too readily to the pressure exerted by the consumer body, the result of which has been excessive bureaucracy. If left to itself, the financial services industry is perfectly capable of constructing a satisfactory regulatory system on the principle that the best business comes from satisfied customers. The Government could do worse than let those who understand the industry do the regulating.

No doubt the Department of Trade and Industry or the Securities and Investment Board would need to have representatives on the various committees; but turning poachers into gamekeepers has worked before now. All that is needed is a mandate and the necessary legal backing to allow them to do the job.

G.S. Stoney,
Mapledown,
Malthouse Close,
Easton,
Winchester,

UK COMPANY NEWS

BET plays white knight to Hestair with £192m bid

By John Ridding

BET, the acquisitive UK business services group, yesterday announced an agreed £192m bid for Hestair, the UK personnel services and consumer products group which is fighting a £167m bid from Adia, a Swiss counterpart.

BET's "white knight" offer comprises 325p cash per share and a share alternative, compared with Adia's 282p cash offer. BET's announcement was made after the stock market closed, with Hestair's shares 1p down on the day at 307p.

If successful, BET's bid will mark its entry into the personnel services sector, where it says it is "committed to being a leader". Currently, it is principally involved in eight service activities including textile rental, cleaning services, distribution and plant hire.

A spokesman for the group said that Hestair's personnel businesses "fit quite closely with our current activities".

BET argues that it already provides a wide range of services to the same customers as Hestair and its surveys show scope for it to add employment services to that range.

With respect to the personnel services market, BET said that the trend towards the use of specialist outside contractors for non-core support service work and staff would accelerate.

Analysts expressed surprise at the move, although there had been speculation that Hestair was seeking a white knight. One analyst said that BET's offer "may well be enough" but wouldn't rule out an increased offer from Adia.

The timing of yesterday's move seems to have been dictated by the fact that Monday *is the first closing date for* Adia's offer. Adia holds more than 6 per cent of Hestair following a market raid when it announced its bid last month.

The share alternative offers 13 new BET shares for every 11 Hestair shares. Full election for the share alternative would involve the issue of about 70m new BET shares which would represent about 9 per cent of the enlarged total. Acceptors will receive the interim dividend of 3.6p.

BET is being advised by Robert Fleming, Hestair by Hill Samuel and Merrill Lynch, and Adia by Kleinwort Benson.

See Lex

Brunning shares fall after turnround into £1m loss

By Alice Rawsthorn

BRUNNING GROUP, the advertising and marketing company, saw its shares price plunge by 23p to 97p yesterday when it announced a fall from pre-tax profits of £515,000 into pre-tax losses of £1.19m in the first half of the year.

The news of Brunning's losses came a day after Yellowhammer, another advertising agency, announced an interim loss and little more than a week after *Saatchi & Saatchi* unveiled an attributable loss for its last financial year.

Mr Neil McClure, who was appointed chief executive this autumn after a boardroom row led to the departure of Mr Trevor *Shonfeld, said the poor per*formance was partly attributable to the weakness of the UK advertising market. But he said, the chief cause of Brunning's problems was the difficulty of merging its London agency *with Chetwynd Had*dons, acquired this year.

The acquisition was followed by a string of account losses. The new agency has annualised billings of £40m, against more than £50m before. Mr McClure said it lost about £600,000 in the first half, but its problems had been resolved.

Brunning also lost money at Jones Varker Conway, a Cardiff design company, which is to be closed. The closure should create exceptional losses in the second half, as should the disposal of Novolor, a glass processing company.

Mr McClure said the group's other businesses – the below-*the-line companies and other* agencies – fared well.

Turnover rose to £36.69m (£33.97m) in the six months to September 30, but Brunning fell into an operating loss of £299,000 (profit £620,000). The *debt incurred buying Che*twynd increased the interest charge to £380,000 (£105,000). Brunning made a loss per share of 16.9p (earnings 9.3p) and will not pay an interim dividend.

The cost of restructuring and severance payments to senior employees created an exceptional debit of £509,000. This included a provision of £120,000 for Mr Shonfeld's severance payment.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
§75	F.P.	–	86	81	♦Air London 5p	86		R2.25	2.5	3.5	13.1
240	100	–	163	100	Anglian Water	163	+7	R15.3	2.3	6.7	7.4
†	F.P.	–	98	53	Anglo-Park Grp. 35p	95	–1	5.0	3.0	6.9	5.3
–	F.P.	–	109	76	BTR Warrants 1993/94	98	–3	–	–	–	–
§142	F.P.	–	150	145	♦Baris Hldgs 10p	146	+1	R5.5	2.7	5.0	6.3
§42	F.P.	–	45	43	*Biocare 1p	43		–	–	–	–
§	F.P.	–	8¼	5¼	EFM Dragon Tst Wrrts'05	8½		–	–	–	–
50	F.P.	–	53	38	♦Essex Furniture 5p	38		a1.88	2.3	6.6	8.6
707	F.P.	–	968	865	Euro Disneyland FFr10	945	+5	–	–	–	–
–	F.P.	–	20	5	Europa Mints. Wrrnts.	20		–	–	–	–
§50	F.P.	–	52	49	European Project IT 10p	51	+1	–	–	–	–
–	F.P.	–	29	18	Do. Warrants	28		–	–	–	–
§130	F.P.	–	138	130	Fired Earth Tiles 10p	130		R4.87	2.2	5.0	10.6
–	F.P.	–	49	45	First Philipp. Inv. Tst.	46		–	–	–	–
–	F.P.	–	20	18	Do. Warrants	19	+1	–	–	–	–
§100	F.P.	–	105	103	Grosvenor Dev. Cap.	103	–2				
105	F.P.	30/11	108	98	Hays 1p	107		W3.0	2.8	3.7	12.5
–	F.P.	–	29	22	Instock Johnsen Wrrt.	25		–	–	–	–
§38	F.P.	–	42	38	*Image Store Hldgs. 10p	41		–	–	–	–
§	F.P.	–	975	850	JF Philippine Fd $1	850		–	–	–	–
§	F.P.	–	356	319	Do. Warrants	356		–	–	–	–
§75	F.P.	–	78	73	♦Micklegate Group 1p	73		R2.25	3.4	4.1	8.6
††	F.P.	–	81	66	*Mid-States	70		–	–	–	–
†	F.P.	–	£15¼	£13¼	Millicom Inc. 1c	£14¼	–¼	–	–	–	–
240	100	–	142	100	North West Water Grp.	137	+½	R15.7	2.3	7.6	6.4
240	100	–	168	100	Northumbrian Water	158	+1	R16.1	3.6	7.4	4.1
§130	F.P.	–	143	115	Partridge Fine Arts 10p	117	–1	R3.5	2.5	4.0	10.8
†	F.P.	–	83	75	Pendragon	78	–1	W4.25	2.6	7.3	7.1
10	F.P.	–	12	10	Prospect Inds. 5p	11½		R0.3	2.4	3.5	9.8
100	F.P.	–	120	100	*Ramsden's (Harry) 10p	112	+1	R4.5	1.1	5.4	22.5
†158	F.P.	–	162	154	♦Regal Hotel Grp 2p	156		–	–	–	–
§130	F.P.	–	148	143	Sage Group 5p	148	+2	L5.85	2.1	5.3	11.5
240	100	–	136	100	Severn Trent	129	–1	R14.85	3.0	7.4	4.6
240	100	–	153	100	South West Water	146	–1	R17.43	2.9	8.1	4.7
240	100	–	148	100	Southern Water	142	–2	R15.03	2.5	7.1	6.3
§25	F.P.	–	40	25	♦Storm Group 1p	36		–	–	–	61.3
†	F.P.	–	16½	14½	♦Surrey Group 5p	14½		R0.23	3.3	2.1	13.6
□	F.P.	12/1	543	528	TR High Inc Tst Units	543		M6.0	–	7.7	–
240	100	–	140½	100	Thames Water	136	–1	R14.58	2.4	7.0	6.7
£2400	£1000	–	£1440	£1000	Water Package Units	£1418	–5	–	–	–	–
240	100	–	145	100	Welsh Water	142	+1	R16.75	2.9	7.9	4.8
240	100	–	157	100	Wessex Water	152		R15.21	2.6	6.9	6.1
240	100	–	155	100	Yorkshire Water	148	–1	R15.42	2.4	7.1	6.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
98.94	F.P.	-	99¾	97	British Inv. Tst. 11¼pc Sec. Db 2012	97	-¼
89.65	£30	-	29¾	29¼	Brixton Ests. 10⅝pc 1st Mtg Db 2012	29¼	
100p	F.P.	22/12	102p	97p	Caird Grp. 7p Cm. Cv. Pf. 2009 10p	100p	+2
§99.68	F.P.	-	100¼	97½	Foreign & Col. 11¼pc Db. 2014 £100	99½	+¼
§	£50	-	55	53	Grosvenor Dev. Cap. 7½pc Uns.Ln.1999	55	
♦	F.P.	-	82p	76p	LWT (Holdings) 3.9375p Cv. Pf.	81p	
100p	F.P.	-	100p	93p	MB Grp. 7.25p Cv. Cm. Rd. Pf. 15p	96p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
11	Nil	–	3½pm	1½pm	Assoc. Energy Servs. 5p	3pm	
30	Nil	8/1	3pm	2¼pm	♦Crossroads Oil 5p	3pm	
230	Nil	17/1	41pm	38pm	♦Jeyes Group 5p	41pm	
10	Nil	–	6½pm	3½pm	♦Surrey Group 5p	3½pm	
225	Nil	–	8pm	3pm	Wilkes (J.)	7pm	+1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. h Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♥ Issued by tender. ♣ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. * Third Market.

TRADITIONAL OPTIONS

- ● First Dealings Dec 4
- ● Last Dealings Dec 15
- ● Last Declarations Mar 8
- ● For settlement Mar 19

For rate indications see end of London Share Service

Calls in: Grootvlei, Oliver Res., Tuskar Res., Eurotunnel Uts., Waterford Wedgwood. Puts in: British Steel.

Lowndes secures £70m refinancing

By Stephen Fidler and Maggie Urry

LOWNDES QUEENSWAY, the loss-making furniture and carpet stores group, said yesterday it had reached agreement in principle on a refinancing which calls for an injection of £70m into the company.

The shares were suspended yesterday after the close of the stock market at the company's request at a price of 8½p, capitalising the company at £27m. Lowndes, headed by Mr James Gulliver, was the result of a £450m leveraged takeover of the Harris Queensway group in August 1988.

According to a statement from Charterhouse, the company's bankers, the funds will come from new equity capital and an issue of non-yielding convertibles injected "by the group's bankers and other third-party investors". It did not specify the third parties.

Details of the convertibles, which are likely to account for more than half of the £70m and will be underwritten by the banks, were not disclosed.

Charterhouse said details of the refinancing, conditions of which were still being finalised, would be sent to shareholders in a circular in mid-January. The deal will be subject to shareholder approval.

Silentnight, one of Lowndes' main suppliers, said on Thursday that it would stop taking orders from Lowndes, an announcement which came just as Charterhouse was attempting to close the deal with bankers. In the event, the refinancing was finalised despite Silentnight's move.

In August, the group had arranged an £18.5m rights issue at a share price of 20p, and had rescheduled a further £18m of debt repayments. However, since then trading conditions appear to have worsened. The £70m cash injection is higher than most expectations: analysts were looking for a £40m-£50m cash injection.

James Gulliver

The group revealed a £16.9m interim pre-tax loss in October

Waterford Wedgwood shares dip on warning

By Richard Tomkins, Midlands Correspondent

SHARES in Waterford *Wedgwood, the troubled glass* and china group, dropped 4p to 41p yesterday as the company delivered the latest in a long series of disappointments to investors.

In a brief announcement *through the Stock Exchange,* the company warned that it would turn in a "significant" pre-tax loss for the second half because trading in the UK and US had been hit by the downturn in the retailing climate.

The statement surprised some because it followed less than nine weeks after the group accompanied its interim results with a statement suggesting that demand was holding up well.

Mr Howard Kilroy, chairman, said at the time that the UK market for china had remained steady despite high interest rates, and that order levels were "very satisfactory." The market for crystal products, he said, was "buoyant."

Waterford Wedgwood's second half is traditionally stronger than its first, so analysts in London and Dublin had expected a second-half profit to make inroads into the first-half loss of I£10.6m. It now seems *certain that the full year loss,* instead of diminishing, will grow beyond the I£10.3m notched up in the group's worst year, 1987. One analyst yesterday forecast a loss of I£15m compared with a 1988 profit of I£2.7m. Waterford Wedgwood was formed in November 1986 when Waterford, the Irish crystal company, took over Wedgwood, the Staffordshire potter. Its history since has been a catalogue of near-disasters. Up till now most of its difficulties had centred on the production side of the crystal operations, where a restructuring went wrong and prompted the resignation of Mr Paddy Hayes, the chairman.

The company would not elaborate on its statement yesterday, but it is believed that sales in the crystal and china divisions have been hit on both sides of the Atlantic. Its share price has long been underpinned by recovery hopes and bid speculation rather than underlying performance. The likelihood of a takeover, however, has diminished in the face of the group's heavy losses and debts estimated at I£140m.

Guinness Mahon 16% expansion

By David Lascelles,
Banking Editor

GUINNESS Mahon, the London merchant banking group, reported a 16 per cent rise in disclosed earnings yesterday, capping a turbulent year during which controlling ownership was acquired by the Bank of Yokohama.

Mr Geoffrey Bell, the chairman, said the result was "solid and creditable" in the circumstances, and his group now looked forward to developing its relationship with the Japanese bank.

The profit for the year ending September 30 was £6.1m, up from £5.2m. But there was an extraordinary item of £4m which consisted of a £2.9m provision for the cost of closing down S Jenkins, the bank's loss-making market-maker, and £1.1m of costs incurred during the ownership change.

After a total dividend for the year of 2.1p, up from 1.2p, the retained profit was £0.7m, compared to £4.1m.

Merchant banking made a profit of £3m. This was unchanged from the previous year

Fisons rumoured to be in talks with VG Instruments

By Nikki Tait

SHARES IN VG Instruments, the scientific instrument maker in which BAT Industries holds a 69 per cent stake, jumped a further 61p to 535p yesterday as the company announced that it was in potential bid talks. At this level, the company is capitalised at about £270m.

There was speculation that the interested company was Fisons, the pharmaceuticals, horticulture and scientific equipment group. Fisons declined to confirm or deny the story, saying that it had a policy of never commenting on stockmarket rumours.

However, with it being suggested that Fisons might fund the purchase with an issue of new shares, its price eased 20p to 335p amid the general market downturn.

News of the talks came as little surprise and, in the light of yesterday's announcement, it seems likely that a deal should be unveiled next week.

During its tussle with Sir James Goldsmith's Hoylake consortium in the summer, BAT made clear that its stake in VGI was likely to be sold. VG formally notified minority shareholders of the tobacco-based conglomerate's disposal plans in September.

VGI said yesterday that there had been a number of approaches, the US Hewlett Packard group had been rumoured, in the wake of the BAT sale announcement. It added that these had now resulted in exclusive talks with one party.

Following the BAT decision, the VGI share price, which stood at about 340p in August, has risen fairly sharply, in speculative waves, over recent months. The latest run has taken the shares up from about 400p in mid-October.

BAT acquired the VGI stake in its acquisition of Eagle Star, the insurance group. A 25 per cent interest in VGI was floated by Grovewood Securities, the industrial arm of Eagle Star, in late 1983.

VGI saw pre-tax profits dip from £23.6m to £20m in 1988, hit by overhead costs following a shortfall on orders, and high interest rates. Analysts have been predicting between £22m and £23m for the current year.

See Lex

Opposition to British Land reconstruction

By Paul Cheeseright, Property Correspondent

OPPOSITION among the institutions investing in the British Land reconstruction will lead either to a substantial vote against, or even the rejection of, the plan at an extraordinary general meeting next Thursday.

Although the institutions generally approve the basic plan, designed to realise a value in the company that is not reflected in its share price, they are worried about specific aspects.

Their deepest concern relates to the terms proposed for providing the management with performance incentives.

Mr John Ritblat, chairman of British Land, the fifth largest UK property group, last week proposed a complicated scheme which involved the sale of most of British Land's property and the insertion of assets, stated to be worth £339m, into a new listed company called New British Land.

The sale of the assets would take place over about five years and the shareholders would receive the proceeds through dividends and share re-purchases. At the same time the shareholders would be given a stake in New British Land and could expect to see fast growth, it being easier to create quick growth from a small base than from a £1.45bn property portfolio.

Shareholders were given a fortnight to consider the matter, a period which is widely seen as too short. There has been extensive informal consultation among them about how to vote next Thursday.

The shareholding pattern is diffuse. Robert Fleming Asset Management with 7.37 per cent is the only declared shareholder with more than five per cent. But there are smaller though sizeable stakes held by other fund managers like Mercury Asset Management and Schroders. Postel is among the pension fund investors.

Among the insurance companies with stakes are Clerical Medical & General, Legal & General, Pearl, Prudential, Sun Alliance, Sun Life and the Scottish-based groups.

All of these have expressed, or are believed to hold, reservations about some of the terms of the scheme. Their basic complaints, as expressed in a circular published last Thursday by Barclays de Zoete Wedd, are that the management incentive targets are not as difficult to achieve as they might appear at first sight and that the rewards from the restructuring are tilted more towards the management than the shareholders.

There is a block of 56.69m shares in New British Land which is subject to an option. If old British Land outperforms the property sector by 40 per cent and New British Land outperforms it by 20 per cent the block passes to the management. There are pro rata allotments for lower performance but the management in 1994 could end up with 51.4 per cent of New British Land.

The institutions are worried that assets could be transferred to New British Land on too low a valuation, thus making it easier to reach the performance targets when properties are revalued.

The institutions have also raised their eyebrows at the £15m a year management fee for the early years of New British Land, when total administrative expenses for old British Land were £11.3m.

The institutions would like to negotiate with Mr Ritblat and rearrange the balance of rewards between management and shareholders. But the shortage of time to organise a common front – the insurance companies and the pension funds often have different tax considerations – and a negotiating position rules this out. The only means of immediate protest is a 'no' vote.

"It will be sad if people have to vote against when they like most of it, but have to vote against it because they can't negotiate on a little bit of it," said Mr Ian Robertson of Clerical Medical.

John Ritblat, chairman of British Land, said he had seen eight shareholders, representing 30 per cent of the equity. "There's been a big change of attitude when we've visited ***institutions,"*** **he commented. His main point was that elements of the reconstruction could not be seen in isolation: "You have to look at the whole thing."**

Wace expands into Europe with Italian buy

Wace Group, the pre-press services company, yesterday announced its first move into continental Europe through the acquisition of Mixel, an Italian transparency duplication, retouching and colour separation services group.

Wace, which already has a network of pre-press operations in both the UK and the US, is acquiring the Milan-based company for an initial consideration of L2.7bn (£1.3m) to be satisfied in cash and the granting of an option over Wace ordinary shares.

Mixel, which services multinational clients such as Phillips, Mercedes Benz and Saatchi and Saatchi, reported pre-tax profits of L250m on turnover of L2.35bn for 1988. Unaudited profits for the eight months to last August were L843m.

Mr John Clegg, Wace's managing director, said the acquisition was the first step towards the formation of a pre-press network in Europe, where a fragmented market would offer significant opportunities.

Cauldon trebled to £901,000

In its second full year of trading since being created to take over William Boulton *Group, Cauldon Group saw its* pre-tax profits more than treble from £271,000 to £901,000 in the year ended September.

Orders for the manufacturing companies were lower than 12 months ago and a cautious view of prospects was being taken, directors said.

Turnover was £2.6m higher at £6.4m. Earnings per share came out at 1.46p (0.48p) and the directors are proposing a maiden final dividend of 0.33p.

Referral for Tiphook's £9.4m buy

By Andrew Hill

MR NICHOLAS Ridley, the trade secretary, has asked the Monopolies and Mergers Commission to look into the rapid rationalisation of the UK trailer rental market over the last two years.

Yesterday he referred the proposed takeover of Trailerent by Tiphook, one of the world's largest container rental groups, to the MMC, which will report by April 2 1990.

The acquisition, which was announced by Tiphook on Thursday is worth only £9.35m, but it could give the quoted company market leadership in *the UK, with a share, some* think, of well over 30 per cent.

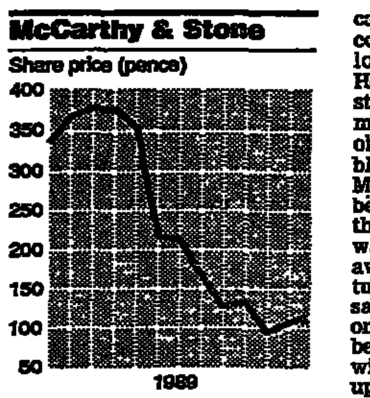
Tiphook's fleet would be enlarged to 14,100 units in the UK with the addition of 4,600 trailers operated by Trailerent, which belongs to the Barclays *Bank subsidiary, Mercantile* Group. That would top its nearest rival, TIP Europe, which has a rental fleet of 10,700 in the UK.

Tiphook, which is also involved in a joint $1.12bn bid for Sea Containers, is likely to argue that the MMC should *look at the European dimen*sion before deciding whether the Trailerent acquisition is against the public interest.

Mercantile Group in effect invited buyers for its trailer rental division in July and considered *a number of possible* purchasers, including Yeartol, a management buy-out vehicle. Both Mercantile and Tiphook had been negotiating with the OFT before Thursday's announcement of the purchase.

McCarthy & Stone falls to £7m

By John Ridding



McCARTHY & Stone, the sheltered housing specialist, yesterday confirmed the city's gloomy expectations by announcing pre-tax profits slashed from £34.1m to £7.1m for the year to the end of August. Shares, which stood at 400p in February, lost another 5p yesterday to close at 106p.

Turnover during the period fell from £149.7m to £131.4m. Fully diluted earnings per share plunged from 40.1p to 6.98p. The proposed final dividend is cut from 4p to 2.64p giving a reduced total of 3.85p (5.14p).

Mr John McCarthy, chairman, said: "After a long period of profits growth it is very dis*appointing to have to report a* reduction in group profit." He added that the current slump in the housebuilding industry was as bad as the downturn in 1973-74 and forecast that the current year would also be difficult.

Sales of retirement apartments completed during the period fell from 2,596 to 1,571. Despite an increase in the average price, from £54,500 to £63,100, profits from the sale of apartments fell from about *£40m to £21.8m.*

The pre-tax line was also hit by a sharp increase in interest payments from £8m to £14.4m. The cost reflects the high level of group borrowings, which amounted to £118.6m at the year end with gearing of 110 per cent. Disposals since then have reduced borrowings to about £107m.

● COMMENT

McCarthy's miserable figures came as no surprise, and in conjunction with Thursday's losses from Anglia Secure Homes confirm the desperate state of the sheltered housing market. But while the market obviously takes much of the blame it is arguable that McCarthy should have been better prepared. In particular, the fact the interim dividend was raised suggests little awareness of the sharp downturn around the corner. That said, costs were quickly cut once the scale of the problem became evident and overheads will consequently be lower, by up to 20 per cent this year. But a loss seems certain, and analysts differ only on the scale of *the deficit. In particular,* McCarthy may be forced to make provisions against some of its land holdings, as Anglia did on Thursday. Longer term prospects, particularly the growth in the elderly population, the shortage of secure homes and the group's land bank, provide support. But for now the only surprises are likely to be unpleasant and the shares remain unattractive.

Metal Closures forecasts 45% profits fall

By Andrew Hill

Metal Closures Group, the packaging and printing company, yesterday confirmed earlier warnings when it forecast a 45 per cent drop in 1989 profits in defending itself against a hostile bid from Wassall, the aspiring mini-conglomerate.

MCG said it would make at least £4.5m before tax in the year to December 31, against a restated £8.2m in 1988. Earnings would fall to 6.6p (16.2p).

However, the total dividend would be maintained at 8.15p.

MCG condemned the Wassall bid, which values the company at £45.4m on yesterday's closing prices, as "a speculative attempt to reap the rewards of MCG's capital investment."

It said the Wassall offer document indicated that shareholders accepting the cash and shares offer would suffer a 25 per cent drop in income.

Wassall's cash and shares offer is now worth nearly 177p a share, against MCG's unchanged closing price of 173p.

Asda falls to £84m and reiterates warning

By Maggie Urry

ASDA GROUP, the food retailer which has acquired 61 Gateway superstores from Isosceles for £705m, yesterday *confirmed* the extent of the interim profit downturn it warned shareholders about 10 days ago. Pre-tax profits fell by 24 per cent to £83.5m, a little less than the 25 per cent drop the company estimated.

Mr John Hardman, chairman, reiterated that annual profits would be significantly lower than last year. The shares fell 3p to close at 185p.

Sales in the 28 weeks to November 11 rose by 18 per cent to £1.59bn (£1.35bn), although these were boosted by acquisitions.

Mr Hardman said that the first half had been hit by two main problems. The group's new central distribution system had not been able to supply its stores with sufficient fresh foods and this had knocked about £20m off sales.

He said that the problem had been mainly confined to an eight-week period in the summer. Now the stores were carrying the right levels of stock, he said, but to achieve this the company was carrying a higher level of costs. This had cost £9m in the first half and would cost another £10.5m in the second.

The other difficulty was that sales of non-food items were affected by the squeeze on consumer spending. Sales of non-foods in the Asda stores were down by 7 per cent.

Allied Maples, Asda's carpet and furniture retail subsidiary, saw its operating profits fall from £6.3m to £3.8m. And Asda's 25 per cent stake in MFI Furniture Group, a management buy-out from Asda in 1987, contributed a loss of £2.8m against a £6.1m profit.

Interest receivable fell from £20.7m to £4.5m although interest capitalised rose from £12.3m to £18.7m.

In the second half, the later-than-expected acquisition of the Gateway stores meant that they would not all have been Asda stores until mid-May, much later than planned. This meant they would not cover the costs of funding the purchase price in the current year.

Fully diluted earnings per share fell by 22 per cent to 4.76p and the interim dividend is maintained at 1.85p.

● MFI FURNITURE Group, the kitchen and bedroom furniture retailer formed by a £718m leveraged buy-out from Asda Group, saw a sharp fall in operating profits and a pre-tax loss in its first half-year.

This was somewhat worse *than the expectation at the* time of the refinancing which the group arranged in August this year. That refinancing gave the group £35m of new equity and allowed the deferral of £60m of debt repayments due between April 1990 and 1993.

At the pre-tax level a loss of £8.8m was recorded against a profit of £24.3m in the first half of the previous year.

Sales for the group rose marginally, from £303m to £304m, but this was on a sales area increase of 11 per cent. As a result, operating profits fell by 55 per cent to £22.1m.

See Lex

Wellman lower at £800,000

Wellman, the West Midlands furnace making and engineering company, has reported pre-tax profits of £880,000 for the six months to September 30, against £1.26m last time. Turnover declined from £20.54m to £14.21m.

However, the company stressed that direct comparison with the results to September 1988 was distorted by the inclusion in that period of £7.4m of turnover and a net contribution of just under £300,000 from the businesses disposed of in November 1988.

It said that trading profit from continuing businesses, which increased turnover by about 8 per cent to £14.21m, was adversely affected by a combination of factors.

Basic earnings fell to 1.8p (3.6p). The maiden interim dividend is 0.75p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Asda Group ....int	1.85♠	Apr 3	1.85♠	-	4.8
Booth Industries ....int	0.7	-	0.6	-	2.2
Bremner ....int	1	Jan 25	nil	-	nil
Bristol Eve Post ....int	3.75	-	3.5	-	10.5
British Building .....int	1	-	2	-	4
Brunning Group ......int	nil	-	1.75	-	5
Cauldon Group ....fin	0.33	Feb 21	-	0.33	-
CH Industrials ....int	1.2	Feb 16	1.05	-	4.875
Grainger Trust ....fin	4.05	-	3.2625	5.25	4.2
Guinness Mahon .....fin	1.3	-	1.2	2.1	-1.2
McCarthy & Stone ...fin	2.64	-	4	3.95	5.14
Microlec§ ....int	1.2	Feb 9	1	-	3.3
R Plate/Gen Inv ......fin	4.7	-	3.6875	7.7	6.6875
Russell (Alex) ....int	0.54	-	0.54	-	2.04
TGI ....int	2.2†	Jan 30	2	-	6
Wellman ....int	0.75	Feb 2	-	-	1

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ♠For 28 weeks.

MARKET STATISTICS

ECONOMIC DIARY

TODAY: President George Bush of the US, and President François Mitterrand of France, meet in the French Caribbean Leeward Islands.

TOMORROW: National Savings results for November. Baking unions threaten series of one-day strikes. Second and final round of Brasilian presidential election.

MONDAY: CBI publishes December monthly trends enquiry. Autumn survey published by the CSO covering investment intentions of the manufacturing and service industries. Treasury releases figures for public sector borrowing requirement. ECO/FIN council meets in Brussels. Ford unions' pay dispute strike ballot. National Union of Journalists statement on union "derecognition". Hungarian Parliament expected to pass tough 1990 budget and announce its own dissolution to permit an election. First All-Union Congress of Soviet Jews opens, Moscow.

TUESDAY: EC Foreign Ministers meet in Brussels. National Federation of Self-Employed and Small Businesses launches guide on business rate. National Freight Consortium preliminary results.

WEDNESDAY: Third quarter provisional figures for gross domestic product from CSO. London and Scottish banks monthly statement for November. Provisional estimates of monetary aggregates for November from the Bank of England. Department of the Environment publishes details of new construction orders in October. ECO/SOC two-day plenary session opens, Brussels. EC internal market council meets in Brussels. Forestry Commission annual report published. Czechoslovak Communist Party extraordinary two-day congress opens, Prague. President Mitterrand starts state visit to East Berlin (until December 22).

THURSDAY: November cyclical indicators for the UK economy from CSO. Provisional November figures of vehicle production. OECD semi-annual reports released. EC internal market council meets, Brussels.

FRIDAY: Engineering sales and orders at current and constant prices in October. Building societies monthly figures for November. EC Foreign Ministers and Arab League meet, Paris.

BANK RETURN

BANKING DEPARTMENT	Wednesday December 13th 1989	Increase or decrease for week
LIABILITIES	£	£
Capital	1,455,300	
Public Deposits	51,767,280	+ 1,055,802
Bankers Deposits	1,701,531,215	+ 89,469,663
Reserve and other Accounts	4,102,974,715	+ 1,384,033,108
	5,870,828,210	+ 1,474,558,573
ASSETS		
Government Securities	1,560,831,529	- 696,375,000
Advance and other Accounts	527,506,040	- 148,919,832
Premises Equipment & other Secs	3,777,374,721	+ 2,326,462,204
Notes	4,913,806	- 4,617,807
Coin	200,114	+ 8,808
	5,870,828,210	+ 1,474,558,573
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,065,086,194	+ 414,617,807
Notes in Banking Department	4,913,806	- 4,617,807
	16,070,000,000	+ 410,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	14,175,092,642	+ 971,596,767
Other Securities	1,883,892,258	- 561,596,767
	16,070,000,000	+ 410,000,000

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 90 Vol	Last	May 90 Vol	Last	Aug. 90 Vol	Last	Stock
Gold C	$ 430	180	8.50	-	-	-	-	$ 412.80
Gold C	$ 440	62	5.50	-	-	-	-	$ 412.80
		Dec. 89		Jan. 90		Feb. 90		
EOE Index C	Fl. 275	270	15.70	-	-	-	-	Fl. 290.76
EOE Index C	Fl. 280	669	10.70	-	-	-	-	Fl. 290.76
EOE Index C	Fl. 285	659	5.70	393	11	-	-	Fl. 290.76
EOE Index C	Fl. 290	880	0.70	232	7.50 b	7	11.50	Fl. 290.76
EOE Index C	Fl. 295	431	0.10	228	5.30	10	9	Fl. 290.76
EOE Index C	Fl. 300	24	0.10	411	3.50	11	6.60 b	Fl. 290.76
EOE Index C	Fl. 310	-	-	174	1.40	-	-	Fl. 290.76
EOE Index P	Fl. 275	-	-	684	1.50	8	2.80	Fl. 290.76
EOE Index P	Fl. 280	-	-	70	2.20	15	3.80	Fl. 290.76
EOE Index P	Fl. 285	470	0.10 a	230	3.20	120	4.60	Fl. 290.76
EOE Index P	Fl. 290	537	0.10	805	4.60	123	6.30	Fl. 290.76
EOE Index P	Fl. 295	1043	4.30	191	6.90	7	9	Fl. 290.76
EOE Index P	Fl. 300	987	9.30	1125	9.20	3	11.50	Fl. 290.76
EOE Index P	Fl. 305	589	14.30	253	13.50	2	14	Fl. 290.76
EOE Index P	Fl. 310	259	19.30	229	16.50	-	-	Fl. 290.76
EOE Index P	Fl. 315	73	24.30	120	22.50	-	-	Fl. 290.76
EOE Index P	Fl. 320	232	29.30	33	26	-	-	Fl. 290.76
S/FI C	Fl. 200	47	0.05	70	1.20	6	2.20	Fl. 194.68
S/FI C	Fl. 210	-	-	-	-	100	0.60	Fl. 194.68
S/FI P	Fl. 190	16	0.05	61	1.20	14	2.10	Fl. 194.68
S/FI P	Fl. 195	214	0.50	18	3.50	12	4	Fl. 194.68
S/FI P	Fl. 200	407	5	7	6	95	6.50 b	Fl. 194.68
S/FI P	Fl. 205	460	10.70	1	9.50 b	10	10.20 b	Fl. 194.68
S/FI P	Fl. 210	372	15.50	8	14.50 b	5	14.80 b	Fl. 194.68
S/FI P	Fl. 215	315	20.90	66	19.70	-	-	Fl. 194.68
S/FI P	Fl. 220	160	25	-	-	-	-	Fl. 194.68
		Jan. 90		Apr. 90		Jul. 90		
ABN C	Fl. 42.50	88	0.30	361	1.40	15	1.90	Fl. 40
ABN P	Fl. 45	-	-	284	5	-	-	Fl. 40
Aegon C	Fl. 115	96	1.20	7	4.50	-	-	Fl. 110.60
Ahold C	Fl. 140	23	1	75	4	-	-	Fl. 130.70
Akzo C	Fl. 130	102	5.80	4	10 b	-	-	Fl. 134.20
Akzo P	Fl. 130	154	1.30	10	2.80	2	6	Fl. 134.20
Amro P	Fl. 75	-	-	182	2.70	-	-	Fl. 76.60
BUHRMANN-T C	Fl. 70	66	0.80	-	-	-	-	Fl. 66
DAF N.V. C	Fl. 42.50	105	1.20	348	2.50	5	3.30	Fl. 40.60
DAF N.V. P	Fl. 40	155	1.50	101	2.70	312	3.50	Fl. 40.60
N.V. DSM C	Fl. 120	12	0.80	165	4	-	-	Fl. 113
N.V. DSM P	Fl. 120	54	7.50	129	8.50	-	-	Fl. 113
Gist-Broc. C	Fl. 32.50	113	1.20	-	-	-	-	Fl. 32
Gist-Broc. P	Fl. 30	10	0.40	-	-	60	1.80	Fl. 32
Hoogovens C	Fl. 85	286	3.50	4	7 b	6	9	Fl. 83.90
Hoogovens P	Fl. 80	285	1.80	17	3.90 b	30	7	Fl. 83.90
KLM C	Fl. 50	67	0.40	186	2.20	14	4	Fl. 46.60
KLM P	Fl. 45	108	0.60	-	-	-	-	Fl. 46.60
KNP C	Fl. 50	68	2.20	244	3.80	24	4.50	Fl. 51
NEDLLOYD C	Fl. 88	76	2.30	-	-	-	-	Fl. 85
NEDLLOYD P	Fl. 86	-	-	63	5.70	-	-	Fl. 85
Nat. Ned. C	Fl. 75	180	0.60	79	2.10	34	3 b	Fl. 70.30
Philips C	Fl. 45	839	2	71	4	34	4.80	Fl. 45.70
Philips P	Fl. 45	213	1	745	3	-	-	Fl. 45.70
Royal Dutch C	Fl. 150	730	1.80	54	5.30	51	6 a	Fl. 145.80
Royal Dutch P	Fl. 150	59	5.20	378	7	10	9.50	Fl. 145.80
Unilever C	Fl. 170	-	-	197	2.90	13	4.80	Fl. 157.30
Unilever P	Fl. 160	400	4	5	6.80	-	-	Fl. 157.30
Van Ommeren C	Fl. 32.50	218	0.80	17	1.80	6	2.80	Fl. 29.60
Van Ommeren P	Fl. 30	891	2	92	3	25	3.50	Fl. 29.60

TOTAL VOLUME IN CONTRACTS : 41,959

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%
ABN Bank	15
Adam & Company	15
Allied Trust Bank	15
Allied Irish Bank	15
● Henry Ansbacher	15
Associates Cap Corp	14
Authority Bank	15
● B & C Merchant Bank	15
Bank of Baroda	15
Banco Bilbao Vizcaya	15
Bank Hapoalim	15
Bank Credit & Comm	15
Bank of Cyprus	15
Bank of Ireland	15
Bank of India	15
Bank of Scotland	15
Banque Belge Ltd	15
Barclays Bank	15
Benchmark Bank PLC	15
Brit Bk of Mid East	15
● Brown Shipley	15
CL Bank Nederland	15
● Charterhouse Bank	15
Citibank NA	15
City Merchants Bank	15
Clydesdale Bank	15
Comm.Bk.N.East	15
Co-operative Bank	*15
Coutts & Co	15
Cyprus Popular Bk	15
Dunbar Bank PLC	15
Duncan Lawrie	15
Equatorial Bank plc	15
Exeter Trust Ltd	15½
Financial & Gen. Bank	15
First National Bank Plc.	16
● Robert Fleming & Co.	15
Robert Fraser & Ptnrs.	15½
Girobank	15
● Guinness Mahon	15
HFC Bank plc	15
● Hambros Bank	15
Hampshire Trust Plc	15½
Heritable & Gen Inv Bnk.	15
● Hill Samuel	§15
C. Hoare & Co.	15
Hongkong & Shangh	15
● Leopold Joseph & Sons	15
Lloyds Bank	15
Meghraj Bank Ltd	15
McDonnell Douglas Bnk.	15
Midland Bank	15
Mount Banking	15
Nat Bk. of Kuwait	15
NatWestminster	15
Northern Bank Ltd	15
Norwich Gen. Trust	15
Hydredit Mortgage Bank	15½
PRIVATbanken Limited	15
Provincial Bank PLC	16
Roxburghe G'rantee	15½
Royal Bk of Scotland	15
Royal Trust Bank	15
● Smith & Williamson Secs.	15
Standard Chartered	15
TSB	15
United Bk of Kuwait	15
United Mizrahi Bank	15
Unity Trust Bank Plc	15
Western Trust	15
Westpac Bank Corp.	15
Whiteaway Laidlaw	15
Yorkshire Bank	15

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FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Dec 15 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1989 to date	Thu Dec 14 Index No.	Wed Dec 13 Index No.	Tue Dec 12 Index No.	Year ago (approx) Index No.	1989 High		1989 Low		Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (204)	895.94	-1.1	12.92	4.84	9.49	38.71	906.06	908.84	904.23	764.14	1012.97	18/8	775.54	3/1	1038.87 16/7/87	50.71 13/12/74
2 Building Materials (28)	1064.19	-1.2	14.78	5.32	8.45	40.71	1076.85	1081.86	1080.27	920.58	1287.14	19/5	939.06	3/1	1381.08 16/7/87	44.27 11/12/74
3 Contracting, Construction (37)	1461.30	-0.6	16.86	5.29	7.78	56.19	1470.58	1471.60	1467.03	1439.74	1881.66	14/3	1306.13	27/10	1951.50 16/7/87	71.48 2/12/74
4 Electricals (10)	2596.59	-1.2	10.40	4.79	12.00	84.46	2628.61	2642.95	2609.21	2252.78	3040.80	8/9	2294.30	3/1	3040.80 8/9/89	84.71 25/6/62
5 Electronics (30)	1902.72	-1.4	9.66	3.85	13.32	52.19	1930.43	1941.99	1930.70	1752.41	2308.22	19/5	1776.44	3/1	2308.22 19/5/89	1229.81 8/10/85
6 Mechanical Engineering (53)	469.99	-0.7	12.34	4.89	9.87	16.44	473.13	472.82	468.31	400.03	558.05	20/7	406.34	3/1	558.05 20/7/89	45.43 5/1/75
8 Metals and Metal Forming (6)	471.34	-1.3	25.02	6.38	4.51	23.82	477.37	470.39	467.31	447.61	562.47	19/5	439.27	27/10	596.67 9/10/87	49.65 6/1/75
9 Motors (16)	373.58	-0.6	14.24	5.65	8.23	11.84	375.75	376.71	375.39	258.84	378.65	22/9	258.24	3/1	411.42 13/10/87	19.91 6/1/75
10 Other Industrial Materials (24)	1711.85	-1.5	9.74	4.42	12.11	55.27	1737.95	1752.81	1746.77	1292.87	1881.53	18/8	1311.63	3/1	1881.53 18/8/89	277.55 15/1/81
21 CONSUMER GROUP (184)	1306.67	-1.1	8.70	3.51	14.42	33.79	1320.90	1325.17	1313.71	1001.13	1417.92	4/9	1016.74	3/1	1417.92 4/9/89	61.41 13/12/74
22 Brewers and Distillers (23)	1517.84	-0.5	9.38	3.46	13.24	36.48	1525.87	1526.76	1508.80	1112.03	1583.71	5/9	1112.42	3/1	1583.71 5/9/89	69.47 13/12/74
25 Food Manufacturing (20)	1146.50	-1.1	9.25	3.86	13.54	31.60	1158.90	1165.29	1153.76	899.19	1220.42	4/9	926.04	3/1	1220.42 4/9/89	59.67 11/12/74
26 Food Retailing (15)	2219.28	-1.8	9.57	3.27	13.81	52.06	2259.42	2270.12	2302.00	1744.00	2722.30	5/9	1784.64	3/1	2722.30 5/9/89	54.25 11/12/74
27 Health and Household (14)	2692.55	-1.9	5.86	1.93	20.32	46.95	2745.81	2768.31	2717.54	1762.74	2772.31	4/9	1778.20	3/1	2772.31 4/9/89	175.38 28/5/80
29 Leisure (34)	1638.99	-0.7	8.12	3.61	15.17	44.41	1651.26	1641.91	1622.60	1330.23	1845.77	8/9	1346.22	3/1	1845.77 8/9/89	54.83 9/1/75
31 Packaging & Paper (14)	541.18	-0.4	12.17	5.31	10.29	18.37	543.45	545.86	546.96	509.04	623.86	4/9	512.34	16/10	739.48 16/7/87	43.46 6/1/75
32 Publishing & Printing (18)	3767.35	-0.7	8.38	4.66	15.41	121.48	3792.45	3815.93	3798.59	3152.14	3916.24	8/2	3236.76	4/1	5070.66 5/10/87	55.08 6/1/75
34 Stores (32)	787.13	-0.5	11.18	4.75	11.65	25.98	791.21	791.04	789.05	673.93	921.71	4/9	679.97	3/1	1160.58 29/7/87	52.63 6/1/75
35 Textiles (14)	522.40	-0.5	11.08	5.68	11.03	22.08	524.95	528.12	526.52	446.31	586.98	21/9	464.58	0/0	914.52 2/10/87	62.66 11/12/74
40 OTHER GROUPS (97)	1164.94	-0.9	10.66	4.58	11.30	39.90	1175.19	1182.29	1171.35	879.20	1225.60	5/9	896.15	3/1	1225.60 5/9/89	58.63 6/1/75
41 Agencies (17)	1570.18	-0.9	6.75	2.32	18.20	27.29	1583.64	1628.19	1569.89	1003.47	1630.70	5/9	1030.84	3/1	1795.57 17/7/87	870.35 4/12/87
42 Chemicals (22)	1216.67	-0.3	12.46	5.26	9.44	47.73	1220.36	1223.63	1215.86	1002.03	1370.94	11/8	1026.37	3/1	1545.46 5/10/87	71.20 1/12/74
43 Conglomerates (14)	1616.30	-1.6	10.94	5.34	10.76	68.81	1643.16	1652.89	1642.71	1220.40	1819.46	11/8	1254.94	3/1	1819.46 11/8/89	975.19 10/11/87
45 Transport (13)	2267.74	-1.5	10.51	4.24	12.14	68.85	2301.88	2298.53	2279.09	1828.72	2554.69	12/7	1836.25	4/1	2554.69 12/7/89	90.80 29/6/62
47 Telephone Networks (2)	1182.06	-0.7	10.75	4.34	12.10	38.54	1190.93	1190.16	1185.54	993.48	1190.16	13/12	1002.43	3/1	1274.34 9/6/87	517.92 30/11/84
48 Miscellaneous (29)	1909.27	-0.5	10.55	4.74	10.64	65.42	1919.58	1927.89	1922.23	1159.88	2087.06	11/7	1183.56	5/1	2087.06 11/7/89	60.39 6/1/75
49 INDUSTRIAL GROUP (485)	1173.62	-1.0	10.30	4.15	11.95	35.72	1185.78	1190.57	1181.08	920.63	1273.71	5/9	935.74	3/1	1273.71 5/9/89	59.01 13/12/74
51 Oil & Gas (15)	2376.32	-0.5	9.11	4.82	14.50	96.43	2388.40	2452.12	2413.60	1786.69	2452.12	13/12	1725.48	0/0	2458.68 16/7/87	87.23 29/5/62
59 500 SHARE INDEX (500)	1273.97	-1.0	10.12	4.25	12.26	40.70	1286.19	1295.60	1283.79	993.78	1355.68	5/9	1002.81	3/1	1369.88 16/7/87	63.49 13/12/74
61 FINANCIAL GROUP (120)	834.90	-0.2	-	5.08	-	30.41	836.83	838.02	833.16	671.29	838.02	13/12	670.86	3/1	896.67 13/10/87	55.88 13/12/74
62 Banks (9)	865.36	-0.2	19.95	5.81	6.59	36.37	867.82	871.65	857.86	667.69	871.65	13/12	657.74	3/1	898.38 16/7/87	62.44 12/12/74
65 Insurance (Life) (7)	1386.57	-0.3	-	4.79	-	47.56	1390.50	1392.86	1390.86	919.78	1409.82	6/12	933.96	5/1	1409.82 6/12/89	44.88 2/1/75
66 Insurance (Composite) (7)	714.42	....	-	5.29	-	28.34	714.21	712.05	712.84	518.31	714.42	15/12	528.72	3/1	714.42 15/12/89	43.96 13/12/74
67 Insurance (Brokers) (7)	1136.64	-0.2	6.63	5.53	20.08	47.09	1138.69	1129.80	1140.99	909.11	1153.83	6/12	916.68	3/1	1399.56 17/7/87	65.86 16/12/74
68 Merchant Banks (11)	476.16	-0.6	-	3.62	-	11.59	479.87	477.94	474.55	312.95	479.87	14/12	318.05	3/1	547.59 12/10/87	31.21 7/1/75
69 Property (49)	1211.19	-0.4	7.55	3.54	16.78	30.32	1215.59	1218.45	1215.93	1208.94	1398.87	5/9	1126.55	17/10	1398.87 5/9/89	56.01 20/4/65
70 Other Financial (30)	331.86	-0.4	12.33	6.51	10.64	15.82	333.03	331.60	330.77	342.36	391.49	8/2	304.56	16/10	603.48 16/7/87	33.29 17/12/74
71 Investment Trusts (69)	1285.84	-0.5	-	2.73	-	25.23	1292.12	1292.63	1286.37	905.55	1292.63	13/12	922.04	3/1	1292.63 13/12/89	71.12 13/12/74
81 Mining Finance (1)	726.24	-1.6	10.28	3.71	10.93	22.25	737.79	741.64	740.36	549.67	754.47	8/9	561.50	3/1	754.47 8/9/89	66.31 30/9/74
91 Overseas Traders (7)	1513.01	-0.6	9.13	5.34	12.55	60.11	1521.43	1534.70	1540.00	1264.80	1543.93	8/9	1255.90	17/10	1543.93 8/9/89	97.37 6/1/75
99 ALL-SHARE INDEX (697)	1169.73	-0.8	-	4.33	-	37.79	1179.48	1186.76	1177.80	913.81	1225.80	5/9	921.22	3/1	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 14	Dec 13	Dec 12	Dec 11	Dec 8	Year ago	1989 High		1989 Low		Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2344.7	-22.3	2358.5	2341.5	2367.0	2386.2	2363.5	2351.4	2363.5	1773.9	2426.0	5/9	1782.8	3/1	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

PRICE INDICES	Fri Dec 15	Day's change %	Thu Dec 14	xd adj. today	xd adj. 1989 to date
British Government					
1 Up to 5 years	116.52	+0.29	116.18	-	11.54
2 5-15 years	130.38	+0.46	130.01	0.23	12.52
3 Over 15 years	139.68	+0.61	138.83	-	13.64
4 Irredeemables	158.20	+0.64	157.19	-	13.66
5 All stocks	128.35	+0.42	127.93	0.12	12.49
Index-Linked					
6 Up to 5 years	140.80	+0.04	140.75	-	2.79
7 Over 5 years	140.37	+0.35	139.88	-	3.54
8 All stocks	140.28	+0.32	139.83	-	3.46
9 Debentures & Loans	105.98	-0.08	106.07	-	10.92
10 Preference	84.91	-0.14	85.03	-	6.39

AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 15	Thu Dec 14	Year ago (approx)	1989 High		1989 Low	
British Government								
1 Low	5 years	10.31	10.36	10.31	10.48	11/10	8.88	9/2
2 Coupons	15 years	9.66	9.74	9.57	9.91	4/12	8.77	9/2
3	25 years	9.58	9.65	9.15	9.83	4/12	8.73	16/2
4 Medium	5 years	11.17	11.26	10.68	11.41	6/12	9.96	8/2
5 Coupons	15 years	10.04	10.10	9.78	10.32	6/12	9.21	8/2
6	25 years	9.67	9.73	9.35	9.96	4/12	8.85	17/2
7 High	5 years	11.31	11.41	10.80	11.56	6/12	10.13	8/2
8 Coupons	15 years	10.24	10.30	9.93	10.53	4/12	9.41	8/2
9	25 years	9.81	9.86	9.37	10.10	4/12	8.99	27/1
10 Irredeemables †		9.67	9.73	9.02	9.93	4/12	8.68	15/3
Index-Linked								
11 Inflation rate 5%	Up to 5yrs.	3.88	3.72	3.75	4.10	13/10	2.75	21/8
12 Inflation rate 5%	Over 5 yrs.	3.62	3.61	3.77	3.84	5/6	3.41	21/8
13 Inflation rate 10%	Up to 5 yrs.	2.94	2.90	2.46	3.30	2/6	1.91	21/8
14 Inflation rate 10%	Over 5 yrs.	3.44	3.45	3.59	3.67	5/6	3.23	21/8
15 Debs &	5 years	12.94	12.92	11.43	13.82	3/11	11.47	30/12
16 Loans	15 years	12.43	12.42	11.15	12.55	29/11	11.19	1/2
17	25 years	12.07	12.06	10.88	12.19	29/11	10.66	27/2
18 Preference †		10.79	10.77	10.40	10.83	7/12	10.00	17/3

‡Opening index 2357.6; 10 am 2350.0; 11 am 2349.3; Noon 2352.3; 1 pm 2352.2; 2 pm 2346.7; 3 pm 2341.7; 3.30 pm 2343.5; 4 pm 2344.7 (a) 9.12am (b) 2.59pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 32p.
CONSTITUENT CHANGES: Highland Participants (48), Jaguar (9) and LWT (Holdings) (29) have been deleted. North West Water (48), Thames Water (48) and Severn Trent (48) have been inserted.

INTERNATIONAL COMPANIES AND FINANCE

New England bank to lift loss reserves by $1bn

By Roderick Oram in New York

BANK OF New England said yesterday the continuing decline in the region's real estate market would force it to add more than $1bn to its loan loss reserves to cover non-performing assets.

The increase, double the sum Wall Street expected, will push reserves to around $1.6bn. Coupled with loan write-offs of about $175m, the bank said it would report "a substantial loss" for the year. A year earlier it earned net profits of $281.7m, or $4.06 cents a share.

The bank, a leading Boston financial institution with assets of $31.5bn at the end of September, is also considering the highly unusual step of rescinding its fourth quarter dividend. Only three weeks ago it said it would pay 34 cents a share on January 19.

Mr James Sweeney, the executive vice president in charge of real estate lending, has been "assigned to other duties." The bank said it had hired Lazard Frères to advise it on ways to maximise shareholder value *such as a merger or sale of* assets.

After heady growth during the 1980s, the region's real estate market has collapsed in the past year leaving a glut of offices and condominium apartments. *Massachusetts* is the hardest hit state in the region.

The Bank of New England is the largest bank in the region in terms of local business and its portfolio is representative of other regional institutions, said Mr Raphael Soifer, an analyst with Brown Brothers Harriman. He expects other banks, equally burdened by non-performing assets, will also have to increase their reserves.

Bank of New England said it would put a final figure on yesterday's moves after the year-end. Mr Soifer estimated the bank's loss for the year could total around $700m which would reduce *shareholders* equity to around $1bn from the $1.7bn reported in September.

The bank said after the reduction in shareholders' equity it would still exceed the *regulatory minimum ratio of equity to assets.*

Xerox files software suit against Apple Mac

By Louise Kehoe in San Francisco

XEROX Corporation has filed a suit against Apple Computer charging it illegally used key elements of Xerox software to create its Macintosh personal computer programs and misrepresented them as its own.

The suit respresents a big challenge to Apple and could have significant implications for other personal computer and software companies which are attempting to emulate the "ease of use" features of the Apple Macintosh computer.

If, as Xerox has requested, the case goes before a jury for trial, it will also represent an opportunity to reassess the role of Apple Computer and its *entrepreneurial founders in* the creation of the personal computer industry.

Xerox seeks "in excess of $150m" in damages and asks the court to direct the US Copyright Office to cancel key Apple *copyrights* covering its Macintosh software.

The dispute centres on the "user interface" programs which create Apple's distinctive Macintosh screen displays with graphical representations of computer functions, menues and overlapping windows. It is widely acknowledged in the personal computer industry that the Apple Macintosh was inspired by earlier computer *software developed* by Xerox.

In its suit, Xerox recounts the visit of Apple Computer founder, and former chairman, Mr Steve Jobs, to Xerox's Palo Alto Research Center in 1979 when Apple was beginning the development of a computer called Lisa, the precursor of its current Macintosh personal computer product line.

"Mr Jobs and Apple employees were very impressed with the unique and revolutionary user-friendly design of Smalltalk," a Xerox computer software program , Xerox claims.

Mr Jobs has made no secret of his visits to Xerox or of the influence that they had upon *the development of Apple* personal computers.

Responding to the Xerox suit, Apple officials said, however, that Xerox failed to distinguish between the "idea" of a graphical user interface, and the "expression" of that idea which Apple has copyrighted. The charges were entirely without merit Apple said.

The suit turns the tables on Apple, which is suing Microsoft, *the leading personal computer* software publisher, and Hewlett-Packard, a leading computer manufacturer, for copyright infringement.

Xerox said it proposed a licensing agreement with Apple but was rebuffed. Apple said Xerox did not broach the idea until just a few days ago.

Merry seasonal outlook for US toy sector

Karen Zagor reports on an industry forecasting firm sales in the run up to Christmas

Christmas is coming and the shelves of stores throughout the US are being raided by parents eager to provide their offspring with Teenage Mutant Ninja Turtles, *Tonka trucks, Barbie dolls, Hot* Wheels cars and Nintendo video games.

The economy may be softer, but toys are selling steadily. Industry sales generally grow at a slow but steady rate of between 3 and 5 per cent a year, and there are no signs that 1989 will be dramatically different.

An economic slowdown or even recession are not as damaging to the toy business as they are to other areas of retailing.

Indeed, according to Mr William Frame, Tonka's treasurer, board games generally sell well during recession, because they provide cheap entertainment.

The present resilience is partly due to demographics – the so-called baby-boomers are creating a shadow baby boom of their own. The target toy population – children under the age of 15 – has grown in the past five years by about 1m to nearly 64m. By 1991, this is expected to rise to 65m.

The bouyancy of toy sales is also underpinned by the high priority accorded to toy buying, perticularly in the *holiday* season.

"Parents would rather give their kids toys than eat," said Mr *Larry* Carlat, editor of Toy & Hobby World magazine.

But the overall industry picture masks considerable turbulence within individual companies.

The root of the problem is that children have notoriously unpredictable tastes and it is all but impossible to pre-select winners. Less than half the toys introduced at the all-important American International Toy Fair in February will make it through Christmas and less than half of those *will survive though the next* year.

Companies that hit the jackpot one year can be struggling to survive the next if their success cannot be sustained or replicated with new products.

A case in point is Coleco, the *darling of the stock market only four years ago* after the success of its Cabbage Patch dolls. It had sales of about $600m in 1985, but the novelty wore off, and revenues plunged, Coleco ended up filing for protection under Chapter 11. In July this year, Coleco sold most of its assets for $85m to Hasbro, the biggest US toy maker. Hasbro expects solid, if unexceptional, sales from its Cabbage Patch line.

The upshot has been considerable consolidation in the US toy industry. The top four companies account for more than 33 per cent of the industry's $13bn annual sales.

Mr Carlat said there were fewer family owned businesses, and toy companies are now run by lawyers and professional managers.

Furthermore, toys are now sold almost exclusively in big toy stores or department stores. "*Big stores need large, broad lines*," said Mr Frame. "This reinforces the consolidation in the industry and small, one line companies are being squeezed."

Overwhelming choice: deciding what to ask Santa to bring for Christmas is never very easy

The premium on prudent management has also grown. "Toy companies need to be disciplined and good at profit management in order to stay alive," said Mr Robert Sansone, a president at Mattel, one of the biggest US toy makers with sales expected to top $1bn this year.

Toy companies are reluctant to spend heavily on new products which could well fail, and *consequently, the this year's* toys are little changed from those of last year.

Thomas the Tank Engine and Babar the Elephant are given *top billing* in the catalogue of F.A.O. Schwarz, New York's fancy Fifth Avenue toy store. "*The most interesting* trend is back to products that are 20 years old," said Mr Gary Jacobson, a toy analyst at Kidder Peabody.

"The key is to take traditional brand names which are already accepted and make them exciting with new technology," said Mr Sansone. An example of this is Mattel's Hot Wheels colour racers line where the cars change colour when dipped in water.

In such circumstances, it is no surprise that individual company outlooks are mixed. Mattel, which gave the world the Barbie doll, expects sales this quarter to jump more than *25 per cent over last* year.

The California-based company is projecting record sales from Barbie, now into her 31st year. Mattel attributes its current strength to that of its core products.

"We expect Mattel to do better than the industry average," *said Mr Sansone*. "We have the brands and the momentum and we keep investing in research and development.

In the long term we expect to increase market share," he added.

Mattel also expects strong sales from its Power Glove, which allows Nintendo video games to be played without using a joystick.

The outlook for other companies is less rosy. Tonka expects lower fourth quarter earnings. Revenues in 1989 are expected to be about 5 per cent below the $907.7m reported in 1988.

Tonka attributes its lower projections to slower than expected sales in the domestic market in recent weeks, although revenues from international markets are performing well.

However, the company expects to be profitable for the full year, with gross profit margins as much as 4 percentage points above the 43.6 per cent reported in 1988.

Lower than expected results from Fisher-Price, Quaker Oats' toy business, is expected to cut into the parent company's second quarter profits.

"Based on production delays this summer, greater competi*tion in Fisher-Price's* core businesses and disappointing retail sales of Fisher-Price's calendar 1989 line for the Christmas season, some outstanding orders have been canceled and an inventory adjustment is anticipated during this quarter," said Mr William Smithburg, chairman and chief executive.

He added that Fisher-Price's operating income, which was $18m in the December quarter *last year, could be lower by as* much as $15m to $25m for the whole of this year.

Schering in Sandoz link

By Haig Simonian in Frankfurt

SCHERING, THE West German chemicals group, and Sandoz, the Swiss-based chemicals concern, are to pool their agricultural chemicals businesses into a joint venture from the middle of next year.

The groups are planning a "complete and balanced fusion of their two businesses," to combine resources, said Schering. Sales of agrichemicals at the German group should amount to DM1.4bn ($806m) this year, while Sandoz's turnover in the same field will be around SFr1.16bn ($742m).

The venture should help the companies meet the greater *demands in the agrichemcials* business.

Moreover, the company claimed a degreee of geographic complementarity behind the deal, with the bulk of its crop chemicals sales being made in western Europe, whereas Sandoz was also strongly represented in the US and Japan. Agrichemicals accounted for 25 per cent of Schering's group turnover of DM5.27bn last year.

The agrichemicals business has been depressed for some time. As medium-sized chemicals concerns, both Schering and Sandoz should benefit by combining their activities, enabling them to compete more *effectively* with the world's chemicals giants.

Gillette in Europe sell-off

GILLETTE, the big US shaving products company with annual sales of more than $3.6bn, yesterday said it would sell some of its European businesses and realign its shaving and personal care divisions, *cutting* some 750 jobs, writes Karen Zagor.

In Europe, Gillette will sell its toiletries businesses, apart from its shaving preparations and and deodorant-antiperspirant groups. The company will also divest itself of its Antica Erboristeria line of toiletries in Italy and La Toja bath products in Spain.

Gillette said about two-thirds of the job losses will be from the divested businesses, the others from the realignment of *ongoing operations of the shaving* and personal care group.

The Boston-based company, which has long been a target for corporate raiders, said it would form a North Atlantic group whose core business would be blades and razors, shaving preparations, male toiletries and deoderants.

High interest rates curb BHP

By Kenneth Gooding, Mining Correspondent

BROKEN HILL Proprietary, Australia's largest company, yesterday reported record results from its steel and minerals divisions but said high interest rates held the advance in group net profits for the half-year to November 30 to only 4.4 per cent.

Net profit eased up from *A$523.8m (US$424m) or 37.3* cents a share in the same months last year to A$546.7m or 37.8 cents.

The interim dividend payment is lifted by 13 per cent, from 15.5 cents a share to 17.5 cents.

Sales and other revenues rose by 25 per cent to A$7bn, mainly reflecting higher prices as well as the inclusion of a full six months of sales from Pacific Resources, a Hawaiian petroleum refining and marketing operation that BHP acquired in March.

Operating profits in the half year of the three industry segments improved as follows: *steel up from A$260.1m to* A$294.3m; minerals up from A$190m to A$273.6m and petroleum up from A$140.2m to A$166.6m.

Corporate items and investments contributed A$70.2m, down from A$120.5m. Net interest payments took A$244.6m, up from A$171.7m.

BHP said that, although some slowing in world economic conditions is in prospect, demand for most of its products was expected to remain firm. Annual contracts would ensure continuing good prices for BHP's main mineral exports for the rest of the financial year. Although oil prices might continue to fluctuate there was growing evidence of a firming long-term trend.

The steel group's strategy would reduce the adverse impact of the slowing-down of the Australian economy. "Overall the outlook for BHP remains sound," it added.

BBV deadlock deepens

By Tom Burns in Madrid

A TENSE deadlock has set in at Banco Bilbao Vizcaya (BBV), the bank created last year out of Banco de Bilbao and Banco de Vizcaya, over the succession to chairman Mr Pedro Toledo, the former Vizcaya president, who died four days ago.

The BBV board, which has an *equal number of directors* representing the two banks, has agreed to meet early next week to resolve the impasse. The board failed during an 11 hours on Thursday to agree on Mr Toledo's replacement by Mr Alfredo Saenz, a protégé of the former Vizcaya chairman and currently BBV's managing director.

The Vizcaya faction on the board, thwarted in their attempt to promote Mr Saenz, blocked in turn a move by the Bilbao board members to have their former president, Mr Jose Angel Sanchez Asiain, who shared BBV's chairmanship with Mr Toledo, recognised as the sole president of the merged bank.

Mr Sanchez Asiain allegedly said he was willing to stand aside to help the board decide on a chairman. Eventually the meeting, was reported to have agreed on Mr Saenz's co-chairman candidacy, postponed any decision until next week.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1989	Low 1989
Gold per troy oz.	$412.25	+2.00	$411.75	$416.25	$356.5
Silver Per troy oz	349.60p	-15.15	333.80p	376.15p	313.90p
Aluminium 99.7% (cash)	$1630	-25	$2510	$2610	$1595
Copper Grade A (cash)	£1511.5	-5.5	£1852.5	£1982.5	£1474
Lead(cash)	£432.0	-31.5	£407	£487.5	£337
Nickel (cash)	$9300	+525	$16800	$19350	$8650
Zinc (cash)	$1555	+70	$1572.5	$2107.5	$1360
Tin (cash)	$6995	+300	£4140	$10760	$6440
Cocoa Futures (Mar)	£623	-29	£833	£947	£623
Coffee Futures (Mar)	£663	+2	£1153	£1270	£658
Sugar (LDP Raw)	$331.6	-3.0	$276	$381.0	$235.8
Barley Futures (Mar)	£113.25	-.50	£111.35	£113.85	£100.95
Wheat Futures (Mar)	£116.90		£114.35	£121.65	£104.7
Cotton Outlook A Index	77.45c	+.70	81.95c	84.95c	81.35c
Wool (64s Super)	578p		633p	710p	580p
Rubber (Spot)	54.50p	-1.00	58.00p	64p	55p
Oil (Brent Blend)	$19.275z		$15.165	$21.35	$16.125

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. z-Feb.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.70-6.85w	
Brent Blend	$19.20-9.35w	+.25
W.T.I. (1 pm est)	$21.05-1.08z	+.36

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$191-193	
Gas Oil	$212-213	+2
Heavy Fuel Oil	$113-115	-2
Naphtha	$169-170	-1
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$412.25	+4.00
Silver (per troy oz)♣	561c	+3
Platinum (per troy oz)	$510.70	+8.20
Palladium (per troy oz)	$137.90	+1.65
Aluminium (free market)	$1625	-5
Copper (US Producer)	106¾-112c	
Lead (US Producer)	39.5c	
Nickel (free market)	430c	+10
Tin (Kuala Lumpur market)	16.67r	-.18
Tin (New York)	322c	-6
Zinc (US Prime Western)	73¼c	
Cattle (live weight)†	110.65p	-3.69*
Sheep (dead weight)†	201.91p	-9.77*
Pigs (live weight)†	93.80p	+8.96*
London daily sugar (raw)	$331.6x	-.4
London daily sugar (white)	$373.0x	-1
Tate and Lyle export price	£321.5	
Barley (English feed)	£116.5	
Maize (US No. 3 yellow)	£130.5	
Wheat (US Dark Northern)	£132.0	
Rubber (spot)♥	54.50p	
Rubber (Jan)♥	57.00p	
Rubber (Feb)♥	58.00p	
Rubber (KL RSS No 1 Jan)	225.0m	
Coconut oil (Philippines)§	$440.0v	
Palm Oil (Malaysian)§	$260	-2.5
Copra (Philippines)§	$280	
Soyabeans (US)	£172z	
Cotton "A" index	77.45c	-.70
Wooltops (64s Super)	578p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct. x-Dec/Jan. 1-Jan/Feb. v-Feb/Mar. w-Feb. z-Jan †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX £/tonne

	Close	Previous	High	Low
Dec	639	640	649	639
Mar	623	626	625	619
May	633	636	635	631
Jul	646	651	650	645
Sep	663	666	666	662
Dec	687	691	690	685
Mar	707	710	711	705

Turnover: 7137 (10959) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec 15 726.71 (728.66):10 day average for Dec 18 754.97 (757.44)

COFFEE – London FOX £/tonne

	Close	Previous	High	Low
Jan	660	662	660	652
Mar	663	663	663	652
May	680	675	680	670
Jul	698	691	698	686
Sep	714	712	715	705
Nov	730	731	731	726
Jan	755	751	750	747

Turnover: 3270 (2171) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec 14: Comp. daily 62.10 (62.14). 15 day average 61.45 (61.41)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High	Low
Mar	304.60	303.00	305.60	302.60
May	305.00	303.00	306.40	303.20
Aug	301.40	300.00	302.60	300.00
Oct	295.20	293.00	295.20	293.00
Dec	288.00	290.00	287.00	287.00
Mar	281.00	278.00	280.40	279.00

White	Close	Previous	High	Low
Mar	371.00	373.50	372.00	370.00
May	375.50	379.00	377.00	375.50
Aug	384.50	387.50	384.50	384.00
Oct	358.50	361.00	359.50	357.00
Dec	348.50	351.00		
Mar	348.00	351.50	349.50	348.00

Turnover: Raw 1711 (2829) lots of 50 tonnes. White 509 (739)
Paris- White (FFr per tonne): Mar 2166, May 2220, Aug 2285, Oct 2130, Dec 2090, Mar 2095.

CRUDE OIL – IPE $/barrel

	Close	Previous	High	Low
Feb	19.13	19.06	19.13	18.99
Mar	18.72	18.62	18.74	18.61
Apr	18.41	18.36	18.41	18.40
IPE Index	19.09	19.20	12.09	

Turnover: 3399 (4326)

GAS OIL – IPE $/tonne

	Close	Previous	High	Low
Jan	204.25	201.00	204.75	199.50
Feb	190.00	187.00	190.50	185.75
Mar	178.00	176.00	178.75	176.25
Apr	167.50	166.00	168.75	166.50
May	163.50	162.50	163.25	160.00
Jun	159.00	157.50	159.25	156.50
Jul		157.50		

Turnover 7557 (11577)lots of 100 tonnes

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 9,775 tonne
Cash	1628-32	1627-30		1623-4		
3 months	1625-7	1626-7	1630/1622	1622-3	1628-30	38,389 lots
Copper, Grade A (£ per tonne)						Ring turnover 32,375 tonne
Cash	1511-2	1510-12	1501/1498	1500-1		
3 months	1511-2	1519-20	1512/1497	1504-5	1512-3	74,216 lots
Lead (£ per tonne)						Ring turnover 11,275 tonne
Cash	431-3	457-8	443/442	442.5-3		
3 months	429-30	433-4	433/427.50	428-9	433-4	10,755 lots
Nickel ($ per tonne)						Ring turnover 1,116 tonne
Cash	9250-350	9100-200	9250/9200	9250-75		
3 months	8400-25	8225-50	8450/8200	8300-25	8450-500	7,635 lots
Tin ($ per tonne)						Ring turnover 1,900 tonne
Cash	6980-700	7090-110	7000/6990	6980-90		
3 months	7090-100	7190-200	7150/7080	7090-100	7115-20	5,795 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 11,800 tonne
Cash	1600-10	1590-600	1635/1620	1635-40		
3 months	1380-2	1398-400	1388/1382	1398-400	1380-2	16,963 lots
Zinc ($ per tonne)						Ring turnover 750 tonne
Cash	1550-60	1540-60	1575	1575-80		
3 months	1360-70	1370-80		1375-80	1360-70	1,649 lots

LME Closing £/$ rate:
SPOT: 1.6070 3 months: 1.5821 6 months: 1.5584 9 months: 1.5350

POTATOES – BFE £/tonne

	Close	Previous	High	Low
Apr	209.9	207.8	209.8	207.9
May	235.0	233.0	234.0	232.5

Turnover 173 (53) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Feb	141.50	141.50	
Apr	142.30	142.00	
Jun	140.00	140.50	139.50
Aug	140.00	140.50	138.50

Turnover 20 (30) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/Index point

	Close	Previous	High	Low
Dec	1610	1610		
Jan	1651	1652	1655	1650
Apr	1671	1670	1672	1667
Jul	1410	1408		
BFI	1603	1602	1603	

Turnover 91 (116)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High	Low
Jan	113.10	112.90	113.00	112.85
Mar	116.90	116.65	116.90	116.50
May	120.40	119.90	120.00	119.85
Jun	121.75	121.70	121.50	
Sep	106.15	106.15		
Nov	109.50	109.50.	109.50	

Barley	Close	Previous	High	Low
Jan	111.00	111.10	111.00	110.90
Mar	113.25	113.15	112.90	
May	114.75	114.90	114.80	

Turnover: Wheat 262 (242). Barley 15 (24).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Feb	109.0	108.5	109.0
Apr	109.0	109.0	109.0
Jun	109.0	110.0	109.0
Aug	109.5	109.5	

Turnover 32 (0) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	412-412½	256½-257
Opening	409¾-410¼	255¾-256¼
Morning fix	410.35	256.149
Afternoon fix	412.75	256.85
Day's high	413-413½	
Day's low	*409½-410*	

Coins	$ price	£ equivalent
Mapleleaf	420-425	261½-264½
Britannia	420-425	261½-264½
US Eagle	420-425	261½-264½
Angel	420-425	261½-264½
Krugerrand	411-414	256-258
New Sov.	97-99	*60½-61½*
Old Sov.	97-99	60½-61½
Noble Plat	516.85-525.00	322.15-327.20

Silver fix	p/fine oz	US cts equiv
Spot	349.60	560.00
3 months	362.45	571.60
6 months	375.45	582.95
12 months	400.55	606.00

TRADED OPTIONS

Aluminium (99.7%)	Calls Jan	Calls Mar	Puts Jan	Puts Mar
Strike price $ tonne	Jan	Mar	Jan	Mar
1500	133	135	1	11
1600	45	66	12	40
1700	5	25	71	97
Copper (Grade A)	**Calls**		**Puts**	
2300	119	145	8	58
2400	50	92	38	103
2500	14	54	101	163
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
600	60	71		8
650	12	38	2	25
700		20	40	57
Cocoa	**Mar**	**May**	**Mar**	**May**
600	44	59	22	28
650	21	34	49	51
700	8	18	86	85
Brent Crude	**Feb**	**Mar**	**Feb**	**Mar**
1800	114		7	30
1850	71	57	15	49
1900	39	35	33	

US MARKETS

IN THE METALS, prices rose sharply when news was announced that Panama had declared war on the United states, reports Drexel Burnham Lambert. Gold futures gained 5.50 basis February as one of the busiest markets. Silver, platinum and copper posted strong advances as well. In the softs, trading was slow in all markets. Sugar closed near unchanged while coffee and cocoa finished slightly higher. The grains featured slow sessions except for the wheat market. Prices fell 4 1/2 cents basis March as snowfall in the wheat belt prompted selling. Local buying kept cotton prices higher. The energy complex ended the week with active trading. Heating oil led the way. Crude and gasoline gained from spillover buying. The livestocks had strong advances in the pork bellies after technical action. Hogs and cattle were uneventful.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High	Low
Dec	413.9	408.3	414.8	412.0
Jan	415.8	410.3	0	0
Feb	418.3	412.8	419.9	413.7
Apr	423.3	417.8	424.5	418.5
Jun	428.3	422.7	429.7	423.9
Aug	433.0	427.4	433.0	429.0
Oct	437.9	432.4	0	0
Dec	443.0	437.5	442.8	439.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High	Low
Jan	516.5	511.3	518.0	513.5
Apr	520.5	515.1	521.5	518.0
Jul	525.0	519.6	527.0	523.0
Oct	535.0	526.0	535.0	529.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High	Low
Dec	560.7	555.7	562.0	557.0
Jan	562.8	558.1	0	0
Feb	566.5	561.8	0	0
Mar	571.0	566.3	573.0	568.0
May	579.1	574.4	581.0	577.0
Jul	587.1	582.3	589.5	585.0
Sep	595.4	590.4	0	0
Dec	607.6	602.3	609.5	607.0
Jan	611.3	605.9	0	0
Mar	619.8	614.3	620.0	616.5

INDICES

REUTERS (Base: September 18 1931 = 100)			
Dec 15	Dec 14	mnth ago	yr ago
1817.2	1817.7	1862.8	1920.3

DOW JONES (Base: Dec. 31 1974 = 100)	Dec 14	Dec 13	mnth ago	yr ago
Spot	127.89	127.98	130.60	142.45
Futures	129.94	130.26	131.49	145.61

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High	Low
Dec	105.60	104.75	106.95	104.00
Jan	105.80	104.25	105.70	103.70
Feb	105.65	104.05	0	0
Mar	105.50	103.75	106.00	102.60
Apr	104.85	103.20	0	0
May	104.20	102.65	104.60	101.80
Jun	103.75	102.30	0	0
Jul	103.30	101.85	103.60	102.35
Aug	102.90	101.45	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High	Low
Jan	21.00	20.85	21.14	20.67
Feb	20.68	20.34	20.81	20.38
Mar	20.36	20.07	20.47	20.10
Apr	20.08	19.84	20.18	19.87
May	19.88	19.65	19.95	19.69
Jun	19.70	19.47	19.85	19.48
Jul	19.50	19.30	19.68	19.28
Sep	19.40	19.02	19.40	18.95
Oct	19.10	18.93	19.10	18.92

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High	Low
Jan	6960	6728	7015	6760
Feb	6475	6298	6496	6305
Mar	5950	5835	6030	5845
Jun	5220	5106	5275	5174
Jul	5190	5081	5225	5140
Sep	5360	5191	5360	5245

COCOA 10 tonnes;$/tonnes

	Close	Previous	High	Low
Mar	903	898	908	897
May	910	910	916	905
Jul	926	925	932	922
Sep	945	944	950	941
Mar	987	989	998	985
May	1001	1003	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High	Low
Dec	75.10	74.38	75.10	74.40
Mar	78.62	77.95	78.80	77.55
May	80.80	80.08	80.99	79.75
Jul	83.13	82.40	83.20	82.25
Sep	85.15	84.83	85.15	84.50
Dec	88.00	87.75	88.00	87.50
Mar	90.50	90.15	0	0
May	92.88	92.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High	Low
Jan	13.93	13.95	0	0
Mar	13.68	13.70	13.86	13.67
May	13.67	13.67	13.80	13.66
Jul	13.52	13.53	13.66	13.51
Oct	13.25	13.19	13.31	13.19
Mar	12.73	12.64	12.80	12.70
May	12.65	12.60	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High	Low
Mar	68.92	68.15	68.98	68.00
May	69.70	69.10	69.80	68.85
Jul	69.74	68.95	69.75	68.90
Oct	65.40	65.22	65.73	65.30
Dec	64.50	64.05	64.50	64.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High	Low
Jan	126.00	126.15	127.50	125.75
Mar	127.40	126.85	128.65	126.40
May	127.00	128.30	128.30	126.25
Jul	127.50	128.50	127.50	126.00
Sep	125.75	125.40	0	0
Nov	126.25	126.05	0	0
Mar	124.25	123.50	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High	Low
Jan	583/2	582/2	586/2	580/4
Mar	597/0	596/4	600/0	594/4
May	608/4	608/6	613/0	608/4
Jul	618/2	619/0	622/0	616/0
Aug	619/4	621/0	624/0	618/2
Sep	617/0	619/6	621/4	616/4
Nov	621/2	623/4	625/0	619/0
Jan	631/4	633/4	634/4	628/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High	Low
Dec	19.19	19.09	19.24	19.00
Jan	19.29	19.26	19.38	19.11
Mar	19.73	19.70	19.85	19.54
May	20.14	20.10	20.18	19.90
Jul	20.36	20.31	20.45	20.15
Aug	20.27	20.27	20.45	20.18
Sep	20.27	20.27	20.35	20.19
Oct	20.25	20.32	20.35	20.25

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High	Low
Dec	184.1	183.1	184.2	182.9
Jan	183.5	182.9	184.3	182.2
Mar	183.9	183.7	184.8	183.0
May	184.3	184.1	184.8	183.4
Jul	185.1	185.2	186.0	184.5
Aug	185.2	186.1	186.8	185.2
Sep	186.0	186.7	187.8	185.5
Oct	185.5	186.7	188.0	185.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High	Low
Dec	235/6	235/2	236/4	235/0
Mar	240/6	241/0	241/6	240/2
May	245/0	245/6	246/2	244/4
Jul	248/6	249/2	250/0	248/2
Sep	247/0	246/0	247/2	246/0
Dec	246/0	245/0	246/2	244/6
Mar	252/6	252/0	253/0	252/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High	Low
Dec	413/0	416/2	416/0	412/6
Mar	411/6	416/2	416/0	411/4
May	390/2	392/6	393/0	389/4
Jul	361/0	362/6	364/0	360/4
Sep	366/0	367/4	368/4	366/0
Dec	376/4	376/4	379/4	376/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High	Low
Dec	77.92	77.40	77.95	77.50
Feb	76.07	75.82	76.15	75.82
Apr	74.60	74.62	74.80	74.55
Jun	71.75	71.82	71.95	71.67
Aug	70.40	70.27	70.60	70.40
Oct	70.55	70.45	70.75	70.50

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High	Low
Dec	52.90	52.75	53.15	52.30
Feb	49.17	49.10	49.20	52.25
Apr	45.12	45.07	45.37	44.80
Jun	48.55	48.45	48.70	48.20
Jul	48.72	48.52	48.85	48.50
Aug	47.67	47.57	47.70	47.45
Oct	43.60	43.55	43.70	43.52
Dec	45.60	45.55	45.80	45.50

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High	Low
Feb	51.42	50.32	51.60	50.30
Mar	50.87	50.17	51.30	50.20
May	51.37	50.87	51.85	51.00
Jul	51.77	51.25	52.55	51.35
Aug	49.60	49.30	50.50	49.60
Feb	52.60	51.80	52.97	52.80
Mar	52.95	51.50	52.95	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar lower after US data

The US dollar lost ground yesterday after data that showed the trade gap widening and inflationary pressures easing. Sterling was slightly stronger after the latest UK inflation figures, while the D-Mark was mixed.

However, given that the US statistics came when dealing was quiet before Christmas, this almost certainly magnified the dollar's losses. "It was an exaggerated movement in a thin market," said Mr Geoff Earnshaw, deputy head of strategic dealing at NatWest.

The European trading day began quietly with the major currencies steady after an uninspired session in Tokyo and as dealers prepared for the day's data. The US October merchandise trade deficit of $10.2bn compared with September's $8.5bn gap and market expectations of a $9.0bn deficit. Meanwhile, November producer prices fell 0.1 per cent, compared with expectations of a 0.2 per cent increase.

The news took the markets by surprise and the dollar fell over a pfennig against the D-Mark.

Dealers said the producer prices data had led to worries that inflation was easing quickly, which could encourage the Federal Reserve to ease monetary policy. In addition, the trade figures put further downward pressure on the dollar, since they suggested that the deficit was no longer shrinking.

But analysts cautioned reading too much into the latest reports. They noted that when producer prices data were stripped of food and energy, they were little different from expectations. And Mr Avinash Persaud of UBS Phillips & Drew said that when revisions to previous months were taken into consideration, the trade deficit had not deteriorated by as much as had been feared by the market.

The dollar closed at DM1.7225, from DM1.7370 on Thursday, at Y144.10 from Y144.05, at SFr1.5490 from SFr1.5635, and at FFr5.8875 from FFr5.9400. The dollar's index, as calculated by the Bank of England, fell 0.2 to 67.9.

Sterling was given a boost by news that the latest inflation figures were no higher than the market had feared. Sterling closed at DM2.7625 from DM2.7750 on Thursday, at $1.6045 from $1.5970, at SFr2.4850 from SFr2.4975, at Y231.25 from Y230.00, and at FFr9.4475 from FFr9.4850. Sterling's index closed 0.1 point higher at 86.6.

The D-Mark was mixed to slightly firmer. Attention was focused on the dollar and trading was slow. There remained uncertainty, though, as to whether events in Eastern Europe would continue to bolster the D-Mark or if it had peaked after its strong advance this week. It closed at Y83.62 from Y82.88 on Thursday and at SFr0.8993 from SFr0.9000.

£ IN NEW YORK

Dec.15	Latest	Previous Close
£ Spot	1.6040-1.6050	1.6010-1.6020
1 month	0.84-0.83pm	0.85-0.84pm
3 months	2.39-2.36pm	2.54-2.51pm
12 months	8.38-8.28pm	8.95-8.85pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Dec.15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5995 - 1.6090	1.6040 - 1.6050	0.86-0.84cpm	6.36	2.51-2.48pm	6.22
Ireland†	1.5185 - 1.5330	1.5275 - 1.5285	0.31-0.26cpm	2.23	1.16-1.06pm	2.90
Canada	1.1595 - 1.1630	1.1600 - 1.1610	0.33-0.36cdis	-3.56	1.00-1.06dis	-3.55
Netherlands	1.9375 - 1.9615	1.9435 - 1.9445	0.06-0.04cpm	0.31	0.01pm-0.03dis	0.02
Belgium	36.15 - 36.40	36.30 - 36.40	2.00-5.00cdis	-1.16	11.00-16.00dis	-1.49
Denmark	6.68¾ - 6.75¼	6.69¼ - 6.69¾	1.75-2.10oredis	-3.45	5.70-6.20dis	-3.55
W. Germany	1.7150 - 1.7375	1.7220 - 1.7230	0.13-0.10pfpm	0.80	0.17-0.14pm	0.36
Portugal	151.10 - 152.50	151.65 - 151.75	130-230cdis	-14.29	350-450dis	10.58
Spain	111.20 - 112.55	111.65 - 111.75	65-72cdis	-7.39	195-205dis	-7.19
Italy	1285 - 1298¼	1286½ - 1287	5.00-5.60liredis	-4.94	14.00-15.55dis	-4.59
Norway	6.65 - 6.70	6.65¼ - 6.65¾	1.80-2.15oredis	-3.56	6.05-6.45dis	-3.76
France	5.88 - 5.94	5.88¾ - 5.89	0.70-0.80cdis	-1.52	2.70-2.90dis	-1.90
Sweden	6.24¼ - 6.28¾	6.24¼ - 6.24¾	1.25-1.50oredis	-2.64	5.05-5.40dis	-3.35
Japan	143.50 - 144.30	144.05 - 144.15	0.29-0.27ypm	2.33	0.70-0.67pm	1.90
Austria	12.12 - 12.23	12.12½ - 12.13	0.15-1.05grodis	-0.59	0.70-3.10dis	-0.63
Switzerland	1.5410 - 1.5585	1.5485 - 1.5495	0.05pm-par	0.19	0.10-0.03pm	0.17
ECU	1.1670 - 1.1790	1.1760 - 1.1770	0.22-0.20cpm	2.14	0.72-0.69pm	2.40

Commercial rates taken towards the end of London trading. † UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 36.25-36.35.

POUND SPOT- FORWARD AGAINST THE POUND

Dec.15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5995 - 1.6090	1.6040 - 1.6050	0.86-0.84cpm	6.36	2.51-2.48pm	6.22
Canada	1.8600 - 1.8680	1.8615 - 1.8625	0.48-0.40cpm	2.84	1.34-1.20pm	2.73
Netherlands	3.11¼ - 3.14½	3.11½ - 3.12½	1¾-1⅝cpm	6.73	4¾-4½pm	6.17
Belgium	58.05 - 58.60	58.25 - 58.35	26-24cpm	5.15	71-67pm	4.73
Denmark	10.73 - 10.81¼	10.73¾ - 10.74¾	2¾-2½orepm	3.00	7¾-7¼pm	2.82
Ireland	1.0470 - 1.0575	1.0505 - 1.0515	0.34-0.29cpm	3.60	0.88-0.78pm	3.16
W. Germany	2.76 - 2.78¼	2.76 - 2.76½	1¾-1⅝pfpm	7.33	4¾-4½pm	6.61
Portugal	242.75 - 244.30	242.80 - 243.80	60-127cdis	-4.61	211-332dis	-4.46
Spain	178.30 - 180.30	178.70 - 179.00	7-17cdis	-0.81	30-45dis	-0.84
Italy	2064 - 2074¼	2064 - 2065	4-2liepm	1.74	10-8pm	1.74

CURRENCY RATES

EMS EUROPEAN CURRENCY UNIT RATES

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

MONEY MARKETS

Steady rates

UK money market rates were little changed yesterday as sterling held firm after the latest inflation figures which were generally in line with most expectations. The key three-months interbank rate closed at 15⅛-15¼ from 15¼-15⅛ per cent on Thursday, while the futures market closed slightly higher.

Market rates had opened slightly higher, with the three-month interbank money quoted at 15⅛-15¼ per cent, on nervousness ahead of the inflation figures. But the upward pressure on rates eased after the data were released, and three-months money remained bid at 15⅛ per cent for the rest of the day.

Initially, the Bank of England forecast a money market shortage of £1.7bn, though this was later revised to £1.75bn.

In the early round the Bank bought £600m bills and later in the morning it purchased a further £255m. During the afternoon it bought £808m, and finally, it provided late assistance of £130m.

UK clearing bank base lending rate 15 per cent from October 5

FINANCIAL FUTURES AND OPTIONS

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Dec	88.97	89.00	88.97	88.97
Mar	89.34	89.35	89.32	89.34

Estimated volume 159 (185)
Previous day's open int. 1170 (1112)

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar	93.33	93.39	93.31	93.35
Jun	93.51	93.55	93.50	93.51
Sep	93.45	93.48	-	93.47
Dec	93.25	93.25	93.25	93.25

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec	0.6468	0.6480	0.6424	0.6402
Mar	0.6467	0.6485	0.6428	0.6404
Jun	0.6468	0.6485	0.6425	0.6404
Sep	-	-	-	0.6402

DEUTSCHE MARK (IMM)

	Latest	High	Low	Prev.
Dec	0.5808	0.5820	0.5765	0.5766
Mar	0.5813	0.5825	0.5769	0.5771
Jun	0.5815	0.5815	0.5767	0.5768

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Dec	91.48	91.54	91.48	91.51
Mar	92.20	92.26	92.18	92.20
Jun	92.37	92.39	92.33	92.35
Sep	92.28	92.31	92.27	92.28
Dec	92.05	92.09	92.03	92.03
Mar	91.89	91.93	91.87	91.88
Jun	91.73	91.78	91.73	91.73
Sep	91.65	91.69	91.64	91.64

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Dec	-	-	-	350.30
Mar	354.30	356.20	353.40	354.75
Jun	362.50	364.80	362.00	358.85

LONDON TRADED OPTIONS

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WORLD STOCK MARKETS

US MARKETS (3pm)

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

SOUTH AFRICA

CANADA (3pm)

JAPAN

AUSTRALIA

HONG KONG

SINGAPORE

INDICES

NEW YORK

DOW JONES	Dec 14	Dec 13	Dec 12	Dec 11	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2753.63	2761.09	2752.13	2728.24	2791.41 (9/10)	2144.64 (3/1)	2791.41 (9/10/89)	41.22 (2/7/32)
Home Bonds	93.45	93.45	93.40	93.47	94.15 (2/8)	87.35 (23/3)	—	—
Transport	1185.63	1203.41	1212.13	1201.10	1532.01 (5/9)	959.95 (3/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	234.66	233.46	231.64	228.81	234.66 (14/12)	181.84 (24/2)	234.66 (14/12/89)	10.50 (8/4/32)

♦Day's High 2771.33 (2784.77) Low 2732.08 (2737.20)

STANDARD AND POOR'S

	Dec 14	Dec 13	Dec 12	Dec 11	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	350.93	352.75	351.73	348.56	359.80 (9/10)	275.31 (3/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	400.56	403.07	402.71	398.91	410.49 (9/10)	318.66 (3/1)	410.49 (9/10/89)	3.62 (21/6/32)
Financial	31.37	31.57	31.56	31.57	35.24 (9/10)	24.30 (3/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	193.97	195.01	194.44	192.83	199.34 (9/10)	154.98 (3/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	376.82	378.05	377.41	375.04	397.03 (10/10)	305.24 (3/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	447.48	451.14	450.43	452.42	485.73 (9/10)	378.56 (3/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Dec 6	Dec 1	Nov 24	year ago (approx.)
Dow Industrial Div. Yield	3.90	3.87	3.97	3.71

	Dec 13	Dec 6	Nov 29	year ago (approx.)
S & P Industrial div. yield	2.90	2.92	2.96	3.15
S & P Indl. P/E ratio	14.92	14.82	14.59	12.86

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Polygram	5,147,600	16⅞	—
Varity Corp	3,620,800	2½	- ⅛
Mesa Ltd P'ship	2,016,900	7⅝	- 1¼
Unisys Corp	1,817,200	14⅞	+ ½
Am T&T	1,800,700	46¼	- ⅜
Berlitz Intl	1,656,000	16⅜	—
Exxon	1,622,500	49⅝	- 1⅛
Gen Motors	1,598,500	43½	- 1⅛
Fannie Mae	1,582,100	34⅞	- 1
Philip Morris	1,521,700	42½	- ½

TRADING ACTIVITY

† Volume Millions	Dec 14	Dec 13	Dec 12
New York	178.700	184.660	178.002
Amex	14.497	15.234	14.471
NASDAQ	144.263	159.282	150.543
Issues Traded	2,003	2,006	2,009
Rises	519	785	889
Falls	1,002	726	639
Unchanged	482	495	481
New Highs	75	128	99
New Lows	87	55	48

CANADA

TORONTO	Dec 14	Dec 13	Dec 12	Dec 11	1989 HIGH	1989 LOW
Metals & Minerals	3347.43	3332.81	3307.53	3293.63	3919.2 (1/9)	3207.5 (3/1)
Composite	3995.33	4005.76	4002.99	3989.38	4037.8 (6/10)	3350.5 (6/1)
MONTREAL Portfolio	2042.66	2046.37	2038.94	2022.73	2069.68(10/10)	1677.48 (3/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec. 15	Dec. 14	Dec. 13	Dec. 12	1989 HIGH	1989 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1619.1	1615.6	1615.2	1612.7	1781.8 (29/8)	1412.9 (7/4)
All Mining (1/1/80)	811.0	811.0	813.8	806.8	875.1 (29/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	461.35	461.44	461.46	462.89	515.09 (11/10)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6398.88	6420.37	6443.28	6466.51	6805.28 (26/9)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	358.05	357.17	355.38	354.95	360.93 (6/12)	275.49 (27/2)
FINLAND						
Unitas General (1975)	614.3	616.0	617.5	617.1	815.8 (18/4)	580.8 (23/11)
FRANCE						
CAC General (31/12/82)	546.1	546.8	551.8	549.4	561.6 (11/10)	417.9 (4/1)
Ind. Tendance(30/12/88)	126.1	126.6	126.7	127.0	128.1 (10/10)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	684.25	685.73	685.57	693.14	700.14 (7/12)	535.78 (27/2)
Commerzbank (1/12/53)	2019.1	2020.9	2024.0	2046.0	2068.9 (7/12)	1595.7 (27/2)
DAX (30/12/87)	1627.43	1625.77	1638.54	1653.07	1664.08 (7/12)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2896.57	2876.75	2851.84	2809.58	3309.64 (15/5)	2093.61 (5/6)
IRELAND						
ISEQ Overall (4/1/88)	1748.96	1768.81	1750.24	1732.71	1848.93 (10/8)	1360.64 (10/1)
ITALY						
Banca Com. Ital. (1972)	680.40	675.66	664.04	663.97	734.84 (31/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	38271.04	38180.70	38062.42	37803.53	38271.04 (15/12)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2874.56	2871.90	2878.46	2868.02	2879.02 (7/12)	2366.91 (6/1)
2nd Section (4/1/68)	3856.71	3841.54	3826.91	3803.87	3856.71 (15/12)	2774.38 (27/3)
NETHERLANDS						
CBS Tll.Rtn.Gen.(End 1983)	259.5	261.6	263.4	262.3	272.7 (21/9)	208.3 (3/1)
CBS All Shr (End 1983)	199.1	200.7	202.1	201.2	210.5 (8/9)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	672.68	678.44	668.85	658.56	695.50 (28/9)	467.17 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1002.81	1062.54	1103.28	1162.21	1396.26 (20/11)	804.62 (6/2)
SINGAPORE						
Straits Times Ind. (30/12/66)	1468.56	1467.98	1464.29	1454.81	1468.56 (15/12)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	2219.0@	2180.0	2221.0	2254.0	2254.0 (12/12)	1291.0 (15/2)
JSE Industrial (28/9/78)	2810.0@	2811.0	2819.0	2809.0	2838.0 (25/8)	1961.0 (3/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	918.04	928.10	915.72	879.46	1007.80 (3/4)	844.75 (11/12)
SPAIN						
Madrid SE (30/12/85)	303.25	303.00	303.03	303.35	328.93 (13/9)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4168.8	4151.8	4156.0	4110.8	4660.3 (16/8)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	754.4	758.6	760.6	765.3	829.1 (6/9)	613.1 (3/1)
TAIWAN**						
Weighted Price (30/6/66)	8568.46	8427.87	8619.41	8339.40	10773.11 (25/9)	4873.01 (5/1)
THAILAND						
Bangkok SET (30/4/75)	827.81	834.70	832.10	822.07	834.70 (14/12)	386.73 (2/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	559.8	562.5	559.3	562.5 (13/12)	487.6 (13/6)

**Saturday Dec. 9: Taiwan Weighted Price: 8408.17 Korea Comp Ex. 850.02.

@ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow remains indifferent to economic data

Wall Street

TRADING REMAINED surprisingly sluggish on Wall Street yesterday morning, in spite of a barrage of eagerly awaited economic indicators and the "triple witching hour" expiration of stock index futures and options, *writes Anatole Kaletsky in New York.*

The Dow Jones Industrial Index opened marginally higher, but moved lower almost immediately.

After the modest decline of 7.46 points on Thursday, there was little enthusiasm in either the bearish or bullish camps, however, and prices soon settled into a trading range about 10 points below the Dow's overnight close. By 1.30 pm, the Dow was 11.31 points down at 2,742.32.

Volume was moderate for a triple witching day, with 150m shares traded by early afternoon. Declines outnumbered advances by a margin of around three to two.

The main influence on stock and bond prices was the batch of statistics released by government departments shortly before the markets opened.

Industrial production, which rose by 0.1 per cent, and capacity utilisation, which fell by 0.1 percentage point to 82.7 per cent, turned out to be closely in line with market expectations.

Producer prices, which fell by 0.1 per cent, were somewhat better than expected, but this was mainly due to an even sharper fall in energy costs than analysts had estimated.

Excluding the volatile energy and food components, the PPI rose 0.2 per cent, exactly in line with the consensus forecast. The big surprise came in the October trade figures, which showed a much wider than expected deficit of $10.2bn, as well as a sharp upward revision in the September figure.

Taking all the indicators together, however, both bond and equity markets seemed surprisingly indifferent, partly perhaps because the dollar weakened only moderately in response to the trade figures, as some analysts had expected.

The Treasury's benchmark long bond traded throughout the morning within ¼ point of its overnight level although there were signs of an eroding trend early in the afternoon.

By 1.30 pm, the bond was $\frac{3}{32}$ down at 102$\frac{28}{32}$, a price at which it yielded 7.86 per cent.

In spite of the fact that losses in the stock market were only moderate, most of the heavy trading occurred in the declining stocks.

The technology blue chips continued to erode, with IBM down $⅝ to $94⅞, a new six-year low. Some of the oil and resource stocks, in contrast, continued their upward trend, with Exxon gaining $¼ to $49⅞ and Homestake Mining up $⅝ to $20¼.

Regional banks were the worst hit sector, responding to a huge property write-down announced by Bank of New England. The bank plunged $3⅛ to $8⅞, while Bank of Boston fell in sympathy by $1⅝ to $17⅛.

Another big loser was Mack trucks, which lost nearly one-third of its value, falling $2¼ to $5⅝. The company said its financial condition was declining and that it may have technically breached certain loan covenants.

Canada

THE RELEASE of the US figures kept early trading quiet in Toronto. The composite index rose 0.2 to 3,995.6 in volume of 15.4m shares. Advances led declines 235 to 230.

Gold shares recovered part of their losses but slipped 15.93 to 7,567.90. Lac Minerals gained C$⅛ to C$14⅛ and American Barrick fell C$⅛ to C$19⅝.

Campeau troubles continued. The stock fell 15 cents to C$3.90 after two factoring agencies advised clients not to ship to Campeau stores.

Profit-taking depressed Connaught C$⅛ to C$36⅝ after a rise of over C$4 on Wednesday. Institut Merieux won a takeover battle with a bid of C$37 and said it now controlled over 99 per cent of Connaught's shares.

EUROPE

Bourses absorbed by foreign distractions

EVENTS elsewhere seemed to preoccupy continental bourses yesterday, as they looked at US economics, cross-frontier deals or the lack of them, and the distractions of Eastern Europe, *writes Our Markets Staff.*

PARIS had time to take the US trade data, and Wall Street's opening on board as the OMF 50 index shed another 2.52 to 531.68, 1.7 per cent lower on the week, and the CAC real time index dropped 5.20 to 1,949.42 for a 1.5 per cent decline on the week.

Initiative was further limited by fears of excessive volatility from New York's "triple witching hour" and domestic economic news. A comfortable-looking 0.6 per cent rise in France's inflation-adjusted GDP for the third quarter failed to stimulate interest in the market, along with a modest improvement in the domestic bond market.

Eurotunnel led declines with a fall of FFr6.50 to FFr48 a share. Analysts said, as they did in London yesterday, that there were no obvious reasons for the drop, but that this is a traditionally volatile stock.

FRANKFURT started in fine form as Thyssen lifted its dividend from DM7.50 to DM10 a share and rose accordingly. But it lost momentum immediately afterwards and the FAZ index, calculated at midsession, fell 1.48 to 684.25 for a 1 per cent fall on the week.

The DAX index, struck at the official close, was 3.89 higher at 1,627.43; but this was down from an intra-day high of 1,632.36, down 1.4 per cent on the week, and the precursor to a decline after hours as dealers took in the US trade figures, the weakening dollar and Wall Street's opening drift.

Thyssen closed DM5 lower at DM265.50, dragging down other stocks at the heavy end of the economy like Hoesch, the steelmaker, DM4 lower at DM285, and MAN, the engineering group, off DM3 at DM415.50.

But there were rises for other blue chips like Siemens, the Deutsche and Dresdner banks, carmakers like Volkswagen and Daimler, and characteristically minor gains in the chemicals sector.

MILAN had a nervous approach to the weekend. News that Saab had been suspended in Stockholm boosted Fiat, and the market in general wanted to rise. Profit-taking came in to trim its opening gains, however, and the Comit index closed just 4.84 higher at 680.40 for a 1.7 per cent rise on the week.

Fiat slid a little after hours for a L120 net gain at L11,160, but this was before Saab announced that talks with Fiat had been called off, and a deal with General Motors of the US had been concluded instead. Elsewhere, Ferruzzi group shares were in the spotlight with Montedison L67 higher at L2,085 and Enimont, at L1,665, showing a L260 gain in less than four weeks.

BRUSSELS fell across the board in light trading. High interest rates and the weak dollar left the cash market index down 21.49 to 6,398.88 for a 2.3 per cent drop on the week.

The index has lost 6 per cent from its record high of 6,805.28 posted last September 26, and one observer said yesterday that many investors had switched their attention to the German market amid the upheavals in East Germany.

AMSTERDAM suffered from the sensitivity of some of its globally traded multinationals to swings in the US dollar, and the CBS tendency index closed 1.1 lower at 182.5 in dull trading, down 2.7 per cent on the week.

Royal Dutch was the most active stock, closing Fl 1.70 lower at Fl 145.80 on a combination of profit-taking, dollar worries and selling pressure linked to trading on the European Options Exchange. However, the chemical group Akzo advanced against the trend on demand from a substantial overseas buyer, rising 80 cents to Fl 134.20.

ZURICH stayed worried about high short-term interest rates, and while the Crédit Suisse index inched up 0.6 to 614.9 on the day, it was 1.9 per cent down on the week.

A statement by the Swiss National Bank that short-term rates are likely to remain high served to reinforce the sour mood in the stock market.

OSLO closed lower after a spate of profit-taking. The all-share index fell 3.46 to 518.19 in trading worth NKr382.9m.

The industry index, which includes oil stocks, dropped 5.76 to 672.68 and the shipping index fell 3.79 to 791.10.

MADRID was flat with the general index at 308.25, up 0.11 on the day and down 0.4 per cent on the week.

ASIA PACIFIC

Third successive peak for Nikkei

Tokyo

IN SPITE of a cautious beginning, and weakness for most of yesterday, late arbitrage trading and strong interest in special situations eventually led the Nikkei to a third successive peak, *writes Michiyo Nakamoto in Tokyo.*

After a sluggish start, the Nikkei average closed 90.34 higher at 38,271.04, against a high of 38,272.79 and a low of 38,063.11. This gave it a 1.5 per cent rise over the week. Advances led declines by 473 to 443, with 216 issues unchanged.

However, the Nikkei average had actually been down 94 points just five minutes before the end of trading. Investors were generally inclined to take a cautious stance before the weekend, and the pending announcement of key US economic data. Arbitrage trading came to the rescue, giving the Nikkei a boost in the late morning, and just before the afternoon close.

Turnover, at 844m shares, was only moderately higher than Thursday's 883m. The Topix index of all listed stocks rose a meagre 2.66 to 2,874.56. In London, the ISE/Nikkei 50 index rose 0.13 to 2,166.98.

All eyes were on Dowa Mining again yesterday. The company saw a wave of interest on Thursday after news that a very high-yield vein of gold was discovered near a mine which Dowa owns.

The buying continued yesterday and, at one point, there were 275m buying orders at market for only 221m Dowa shares outstanding, according to a foreign broker. Dowa closed with 11m market buy orders left unfulfilled, and the maximum permitted gain of Y200 at Y1,430.

Mitsui Metal Mining also firmed, rising Y25 to Y1,010 during the day before closing up Y5 at Y990. Toho Zinc, however, fell Y30 to Y1,090 in profit-taking. The companies' resumption of dividend payments next March has triggered rumours that they are planning to raise capital on the markets and speculators are buying in anticipation of market support.

Steels were mixed. Nippon Steel was Y16 higher at Y829 but Sumitomo Metal Industries, which topped the volumes list with 28.9m shares, succumbed to profit-taking and lost Y3 to Y909. Rumours that Nippon Steel is planning a financing soon drummed up activity in the issue.

Tokyu Corp, the railway group, was second in volume with 25.2m shares and rose Y30 to Y3,000.

Osaka fell on profit-taking and the OSE average lost 19.43 to 38,946.79. Volume eased from 90.6m shares to 87.9m. The Osaka-based Sumitomo companies were actively traded, with Sumitomo Corp up Y10 at Y1,720.

PHILIPPINE stocks have fallen 315.05 points, or almost 24 per cent, in the week since the twin exchanges of Manila and Makati reopened following this month's military coup, *writes Greg Hutchinson in Manila.*

Brokers expect further falls interspersed with bouts of partial recovery while rumours fly of another coup attempt. One banker said money had been flowing into the stock market. "It is short-term investments, but it's helping hold the market up," she said.

The Manila composite index closed yesterday at 1,002.81, down 59.73. Earlier it had fallen through the psychological 1,000-point barrier to reach a low of 983.08, but recovered slightly on rumours that Mr Gregorio Honasan, the army rebel, had been captured.

Military spokesmen denied the rumour about Mr Honasan but confirmed they had intelligence reports that another military rebellion, this time centred on the southern island of Mindanao, might be in the offing.

Roundup

IT WAS a day for reversing trends in the Asia Pacific region, except in Hong Kong, which kept rallying.

HONG KONG sustained the momentum of the previous three days to close with a gain of 19.82 on the Hang Seng index at 2,896.57, a rise this week of 5.2 per cent. Volume remained buoyant at HK$1.22bn, but slightly below Thursday's HK$1.28bn.

Although some blue chips consolidated, heavily weighted Hongkong Telecom gained 10 cents to HK$5.15, helping to support the index. Chinese Estates added 10 cents to HK$2.325 after Thursday's late news that Evergo was bidding HK$2bn, or HK$2.50 a share, for the 42 per cent it does not already own.

SINGAPORE ended mixed, with the Straits Times industrial index up 0.58 at a post-crash high of 1,468.56, a rise of 1.7 per cent this week.

Rumours that DBS Land, which was suspended, had bought the Standard Chartered Building at a price below expectations put pressure on property stocks. Turnover fell to 71m shares from Thursday's 111m.

AUSTRALIA picked up a little ground after two motionless days, the All Ordinaries index rising 3.6 to 1,619.1, but ending the week 0.4 per cent lower. Volume remained low at 84m shares worth A$158m.

NEW ZEALAND rebounded from its recent falls, with the Barclays index up 41.32 at 1,951.81, but down 2.9 per cent on the week.

SEOUL did the reverse, falling 10.06 on the composite index to 918.04 after several sharp gains. It has risen 6 per cent this week.

TAIWAN rallied from Thursday's setback and the weighted index gained 140.59 to 8,568.46, up 0.6 per cent on the week.

SOUTH AFRICA

A RECOVERY in the bullion price helped gold shares to close firmer in cautious trading in Johannesburg.

The JSE all-gold index closed at a preliminary 2,219, up 39. The overall index rose 23 to 3,106.

Stockholm faces unsure future as good times end

Robert Taylor on the problems affecting the index

THE COUNTDOWN to Christmas has seen some active trading in the Stockholm stock market, mainly as a result of the Volvo-Procordia-Pharmacia deal.

The huge flotation of the country's second biggest insurance company, Trygg-Hansa, has also aroused the bourse's interest. There is the promise of a further wave of company mergers and acquisitions early next year and, as a result of pension scheme pay-outs, more new money can be expected on the market in January.

Such short-term benefits for the Stockholm bourse could well disappear during the course of 1990. Many observers believe that the really good times are over. Its golden period was in the mid-1980s, when the Veckans Affarer index rose by 254 per cent in 1984, and 183 per cent in 1985, as Swedish industry boomed in the aftermath of devaluation and a prolonged expansion in international trade.

However, the 1980s are ending in uncertainty. This year's rise in the index could be much less than it was, at around 20 per cent. The retreat began in high summer, after August 16 when it reached its all-time high of 1,670.2 in lively trading; from then on it moved gently down through the autumn and, while it has just enjoyed a good fortnight, it still closed at only 1,511.1 yesterday.

The decline in the market reflected growing evidence of a deterioration in the Swedish economy. Market opinion began to reflect rising inflation, now running at just under 7 per cent, low growth and a mounting current account deficit which is expected to equal 3.5 per cent of Sweden's GDP by 1991.

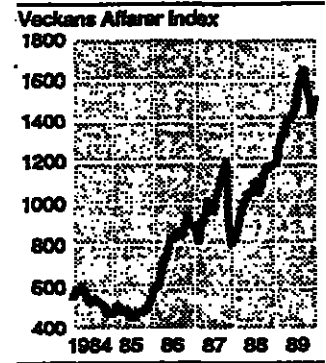
Indeed, during the first half of 1989, seasoned stock market observers were puzzled at the apparent lack of concern about what was happening to the Swedish economy. Mr David Longmuir at Kleinwort Benson says: "It took a long time for most investors to wake up to the country's problems."

During the first quarter of the year most of the big profitable Swedish companies continued to report strong, positive financial results, which seemed to conflict with the pessimism of the macro-economic indicators. The fact is that the internationalisation of so many companies has made their performance immune to the troubles of the domestic economy. Mr Sten Westerberg, of the Skandinaviska Enskilda Fund Commission, says: "The big Swedish companies are no longer Swedish."

The index only started to fall when a growing number of star performers – notably Electrolux, Aga and Pharmacia – began to reveal worse than expected results for the first half of 1989. This autumn has seen a particularly steep drop in forestry shares of 30 per cent, twice as large as the overall decline in the bourse index.

Sweden

Veckans Affarer Index



Most analysts believe that the market has been too pessimistic about pulp and paper. Although there are signs of a decline in world demand, large companies like Stora and SCA will still remain extremely profitable.

Big companies in general have performed considerably better than the average, reflecting the international nature of their sales, and profit margins. The market's top 16 blue chip companies had an aggregate share price rise of around 33 per cent this year.

Internationalisation applies to investment, too, as Swedish investors look abroad. The lifting of restrictions on buying foreign equities last January has brought a clear change in direction. Both the Oslo and Helsinki stock markets were the early beneficiaries of this decision.

The abolition of foreign exchange controls last July added to the impetus and, by the autumn, the big institutional investors were increasingly turning their backs on Stockholm and looking abroad: initially to New York and London and recently to Frankfurt.

Mr Longmuir admits: "Many of our Swedish clients are saying they are no longer interested in Scandinavia – that the party is over." Indeed, the turnover of Sweden's 16 biggest listed blue chip companies is now as great in London as it is in Stockholm.

Total trading in Swedish shares outside the country this year is now estimated at around 60 per cent of Stockholm's annual turnover. The latest figures show that Swedish investors had bought SKr23.3bn ($3.7bn) worth of foreign shares by the end of October.

Turnover on the Stockholm bourse has fallen by a quarter since its best year of 1986. Some blame for this decline is attached to the Government's 2 per cent turnover tax on trading in equities.

Over the past year the bourse and powerful industrialists have tried unsuccessfully to convince the Ministry of Finance that it should abolish the tax. There is a possibility that it will go in 1990, but many believe that the damage has already been done and its abolition will now do little to encourage stock market trading to return to Stockholm.

Some vital decisions will be taken in 1990. If the Government can start to reduce inflation, and cut back the current account deficit through tough fiscal policies, this will help to stiffen confidence.

The ruling Social Democrats will also have to abandon their present commitment to a non-nuclear energy policy and negotiate a favourable deal with the European Community, in order to convince investors that they can protect the vulnerable Swedish economy from worsening its international competitiveness. Of course, the blue chips have already joined the EC and they should go on doing well.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 14 1989						WEDNESDAY DECEMBER 13 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	146.64	+0.0	136.13	124.21	+0.1	5.47	146.63	136.29	124.05	160.41	128.26	143.06
Austria (19)	167.04	−0.6	155.07	150.70	−0.1	1.61	168.09	156.24	150.83	172.22	92.84	97.44
Belgium (63)	149.19	−0.8	138.50	134.48	−0.4	4.13	150.39	139.79	135.00	150.39	125.58	133.82
Canada (122)	152.24	−0.5	141.33	128.15	−0.3	3.15	153.07	142.28	128.52	154.17	124.67	120.08
Denmark (36)	234.46	−0.2	217.66	214.85	+0.2	1.47	235.02	218.46	214.41	237.06	165.35	154.38
Finland (26)	130.74	−0.4	121.37	112.55	−0.2	2.51	131.27	122.01	112.81	159.16	118.63	133.10
France (126)	149.21	−0.1	138.52	139.03	−0.2	2.68	149.33	138.81	139.32	150.60	112.57	109.55
West Germany (96)	111.44	+0.0	103.45	100.63	−0.2	2.07	111.43	103.58	100.80	112.97	79.56	86.30
Hong Kong (46)	120.41	+0.6	111.78	120.64	+0.6	4.73	119.63	111.20	119.87	140.33	86.41	106.90
Ireland (17)	179.42	+1.6	166.57	166.16	+1.6	2.62	176.55	164.11	163.56	179.42	125.00	132.20
Italy (97)	94.73	+1.8	87.95	91.64	+1.9	2.50	93.10	86.54	89.97	96.73	74.97	83.34
Japan (455)	196.96	−0.1	182.84	179.34	−0.2	0.45	197.22	183.32	179.64	200.11	164.22	188.67
Malaysia (36)	219.85	+0.6	204.10	228.49	+0.5	2.32	218.56	203.16	227.32	219.85	143.35	141.68
Mexico (13)	302.41	+1.0	280.75	883.48	+1.0	0.59	299.45	278.35	874.47	326.61	153.32	169.34
Netherland (43)	138.71	−0.5	128.78	124.18	−0.7	4.29	139.47	129.64	125.02	139.47	110.63	110.20
New Zealand (18)	69.99	−2.4	64.97	62.34	−2.1	5.73	71.74	66.68	63.69	88.18	62.64	64.32
Norway (24)	193.54	+0.8	179.68	175.75	+1.1	1.55	192.07	178.54	173.82	198.39	139.92	133.44
Singapore (26)	176.24	+0.4	163.61	155.29	+0.7	1.93	175.53	163.16	154.25	176.24	124.57	119.88
South Africa (60)	185.12	−1.0	171.86	159.00	−1.0	3.58	187.02	173.84	160.64	188.04	115.35	120.42
Spain (43)	162.17	−0.3	150.55	138.03	+0.0	3.81	162.65	151.19	138.07	169.75	143.14	149.08
Sweden (35)	182.73	−0.5	169.64	169.75	−0.1	2.02	183.65	170.71	169.92	188.94	138.45	143.46
Switzerland (62)	91.59	+0.5	85.03	88.78	−0.2	2.01	91.14	84.71	88.99	94.16	67.81	77.12
United Kingdom (303)	153.77	−0.6	142.75	142.75	−0.7	4.35	154.65	143.75	143.75	158.41	133.28	134.04
USA (544)	142.16	−0.5	131.98	142.16	−0.5	3.28	142.85	132.78	142.85	146.29	112.13	111.75
Europe (990)	136.09	−0.2	126.34	124.95	−0.3	3.37	136.32	126.72	125.28	136.56	112.63	112.75
Nordic (121)	180.12	−0.3	167.21	159.38	+0.1	1.79	180.60	167.87	159.15	180.60	137.95	135.58
Pacific Basin (666)	192.04	−0.1	178.28	174.80	−0.1	0.89	192.28	178.73	175.06	194.72	160.44	183.53
Euro – Pacific (1656)	169.78	−0.1	157.61	154.86	−0.2	1.56	170.01	158.03	155.15	170.01	141.56	155.19
North America (666)	142.66	−0.5	132.44	141.28	−0.5	3.28	143.36	133.25	141.95	146.66	112.79	112.18
Europe Ex. UK (687)	124.17	+0.1	115.27	114.13	+0.0	2.71	124.05	115.30	114.10	124.69	96.30	99.26
Pacific Ex. Japan (213)	133.20	+0.1	123.66	118.79	+0.2	4.86	133.05	123.66	118.54	140.05	111.93	122.24
World Ex. US (1853)	169.40	−0.2	157.26	154.23	−0.2	1.63	169.67	157.71	154.54	169.67	141.49	153.63
World Ex. UK (2094)	159.09	−0.2	147.70	150.87	−0.2	1.94	159.46	148.22	151.25	159.46	136.98	137.90
World Ex. So. Af. (2337)	158.44	−0.3	147.08	150.02	−0.3	2.14	158.84	147.64	150.45	158.84	136.67	137.65
World Ex. Japan (1942)	140.40	−0.3	130.34	135.00	−0.4	3.38	140.89	130.97	135.50	140.89	114.51	112.93
The World Index (2397)	158.60	−0.3	147.23	150.08	−0.3	2.15	159.01	147.80	150.51	159.01	136.68	137.54

Latest prices were unavailable for this edition.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks

No. of bargains included 4

Greater London Council 6¾% Stk 90/92 – £87½ 8½

Birmingham Corp 3% Stk 1947(or after) – £23 (13De89)

Birmingham District Council 11½% Red Stk 2012 – £101 (13De89)

Bristol(City of) 11½% Red Stk 2008 – £101½ (8De89)

Kirklees Metropolitan Council 11.6% Red Stk 2031 – £101 (12De89)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Allstate Explorations 8
Ampol Exploration 85
Boral Ord. Stk. £1.73
Centaur Mining & Exploration 15♦1679
City Developments CS$3.5802
Cons. Modderfontein 75♦68 R5.35
Darty FF FRL092♦
Equity Silver Mines £2.352944♦
Haw Par Bros Int (Singapore Reg) S$1.4527
Keystone International $20.375♦
Kulim Malaysia Ord 42
Lawter International $12.75♦ (12/12)
Malaysian Airline System M$10.6492 (12/12)
Malaysian Plantations M$1.25
Mount Martin Gold Mines A$.528
Nixdorf Computers DM 308 (12/12)
North Flinders Mines A$2.508 (12/12)
Oil Search A$.65 (12/12)
Oilmet 12
Overseas Chinese Banking Corp S$9.45 (13/12)
Palliser Resources Warrants $8.5♦
Robinson & Co S$3.33955.34♦
Samantha Exploration A$.0347 (13/12)
Singapore Land S$14.35453
United Overseas Land S$2.15 (13/12)
Vam A$.181 (13/12)
Vulcan Minerals 12♦
Winsor Industrial Corp $8.25

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Further slide in a cautious market

THE UK stock market continued to slide yesterday as economic data from both sides of the Atlantic did nothing to lift the mood of caution with which investors appear to regard the immediate outlook. There was further, albeit selective selling as the trading programme scented in the market on Thursday continued its way across the consumer sectors. However, traders did not seem too badly upset by a 22 point fall in the FT-SE index and drew some encouragement at the close from a new £192m cash bid for Hestair in the services industry.

The main event of the day was the news that British inflation had edged up to 7.7 per cent annualised rate in November, followed by the disclosure that the US monthly trade deficit had ballooned to $10.2bn.

The UK inflation rate was not quite as high as some City forecasts but did nothing to shift perceptions of the economic outlook. The US trade news was more disturbing, but its effects in London were softened by a relatively calm reception by Wall Street in early trading as London went home for the weekend. With the sterling exchange rate steady in at the close, the equity market ended an exciting week in fairly good spirits. Government bonds closed half a point better.

The FT-SE Index closed just above the day's worst, with a fall of 22.3 points at 2,344.7. The week has brought a dip of 18.8 Footsie points. The recent advance in the market, which has put on some 200 Footsie points since the beginning of November and reached its crescendo this week with the successful launch of the £5.24bn privatisation issues of the British water companies, has eased over the past two trading sessions. Warnings on trading prospects by UK companies has fuelled concern for the New Year.

Turnover remained fairly high yesterday, with Seaq volume at 444.9m shares against 405.1m on Thursday. Trading volume has picked up slightly this week, although data has been distorted by the heavy interest in the water privatisation stocks. Traders said that some sizeable lines of stock had been on offer but that these had usually found takers.

The water privatisation issues, where UK private investors are expected to show their hands next week, after receiving their share certificates, traded quietly, with the exception of Anglia Water where traders sensed stakebuilding.

Equity strategists were last night weighing the implications of the cooler tone of the equity market. At Prudential-Bache, Mr Bill Smith commented that poor corporate news had so far come mostly from smaller companies. "I don't see the market coming back far just now, although the expected rally in January may turn out to be smaller than expected."

Account Dealing Dates

*First Dealings:		
Nov 27	Dec 11	Dec 27
Option Declarations:		
Dec 7	Dec 21	Jan 11
Last Dealings:		
Dec 8	Dec 22	Jan 12
Account Day:		
Dec 18	Jan 8	Jan 22

*New time dealings may take place from 9.00 am two business days earlier

FINANCIAL TIMES STOCK INDICES

	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	83.99	83.88	83.66	83.77	83.62	86.85	89.29 (8/2)	82.93 (4/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.25	92.27	92.19	92.21	92.13	96.15	99.59 (15/3)	92.02 (8/12)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1851.7	1871.4	1880.1	1861.5	1851.8	1436.0	2008.6 (5/9)	1447.8 (3/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	308.4	311.6	317.8	317.4	312.6	163.1	317.8 (13/12)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2344.7	2367.0	2386.2	2363.5	2351.4	1773.7	2426.0 (5/9)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.59	4.54	4.52	4.57	4.59	5.12				
Earning Yld %(full)	11.19	11.08	11.01	11.14	11.19	12.93				
P/E Ratio(Net)(*)	10.82	10.93	10.99	10.87	10.82	9.33				
SEAQ Bargains(5pm)	29,761	32,978	39,212	49,723	23,426	19,057				
Equity Turnover(£m)†	-	1085.64	1187.58	1816.40	622.28	893.13				
Equity Bargains†	-	38,663	45,712	53,506	24,508	19,289				
Shares Traded (ml)†	-	464.4	500.9	669.1	294.5	410.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. * Nil 10.75

Ordinary Share Index, Hourly changes — Day's High 1863.1 — Day's Low 1846.8

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1863.1	1855.8	1854.5	1856.8	1856.1	1852.5	1848.9	1850.7

FT-SE, Hourly changes — Day's High 2358.5 — Day's Low 2341.5

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2357.6	2350.0	2349.3	2352.3	2352.2	2346.7	2341.7	2344.7

GILT EDGED ACTIVITY

Indices*	Dec 14	Dec 13
Gilt Edged Bargains	71.0	78.9
5-Day average	78.6	79.2

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index: Tel. 0898 123001.

Anglian Water in demand

The close of the first week's trading in the privatised water companies saw Anglian Water shares come to the boil as talk in the market suggested a sizeable stake had been acquired. It is believed that Anglian has issued a series of Stock Exchange 212 notices, the official process requiring a broker to reveal the identity of a buyer using a nominee account.

There has been big demand for Anglian shares since their debut on Tuesday when one firm of brokers was bidding for 10m shares. Anglian closed yesterday at 163p, up 7 on the session and the best individual performer of the ten stocks since Tuesday first dealings. Turnover totalled 19m shares, following Tuesday's massive 64m, Wednesday's 13m and Thursday's 5.4m.

Dealers said that the performance of Anglian, with a persistent buyer in evidence throughout the day, led them to believe a stake was being accumulated either by an institution or a potential predator. The name of Norwich Union was put forward, as was Lyonnaise des Eaux, the French water company that already owns two private Essex water companies, East Anglian Water and Essex Water.

Most analysts were sceptical of the Norwich Union story; "too obvious," said one, but he thought the Lyonnaise story "was perfectly feasible."

British Land doubts

British Land fell 14 to 378p on reports of growing opposition to the proposed restructuring of the group. Some market watchers believe that the proposed break up of the company into British Land and New British Land may be voted down at an EGM next Thursday.

One marketmaker said that there was still hope in the market that a bid might be launched for British Land before Thursday. "The company has effectively put itself up for sale," he said.

Some analysts are unhappy with the arrangements for allocating shares in NBL to the Investment Group, which is led by Mr Rithlat. There is also some irritation at the speed at which the plan is intended to go through.

Mr Robin Christie, property analyst at Kitcat Aitken, said "British Land's proposals to tackle its share price's discount to net asset value should be welcomed." However, he thought that the proposals were heavily weighted in favour of the Investment Group and that there was room for considerable improvement in the terms. "We advise shareholders to vote against the resolution and renegotiate the details of the proposed reorganisation."

Another analyst took a different view, commenting that Mr Ritblat appeared to be delivering a profit to investors in a sector which had produced no growth this year.

VG drama

Shares in VG Instruments, the scientific instruments manufacturer, in which BAT Industries has said it intends to sell its 69 per cent stake, raced up to close 61 higher at 535p, after 539p, following an announcement from the company that it is involved in bid talks.

VG said it is "currently in exclusive discussions with one party which may or may not lead to an offer being made for VG." VG said as long ago as September that BAT wanted to sell its stake and the two companies are thought to have held talks with a number of companies interested in making a full bid for VG.

The market immediately settled on Fisons as one of the most likely bidders for VG. Fisons shares fell steeply – closing 18 down at 387p on turnover of 5.1m – as dealers speculated on fears that Fisons may well come to the market with a substantial rights issue – £250m upwards was mooted – to finance a bid for VG.

Standard Chartered ran into a flurry of selling pressure after confirming that it has sold its Singapore headquarters to DBS Land for £258m – a figure well below the numbers that have been mooted recently. One dealer said the stock had been "puffed all week, once the figure was known the speculators pulled out, leaving only yield buyers." The big-four held up well in the face of a sharply lower equity market. Royal Bank of Scotland emerged as one of the best performers in the sector with some specialists still convinced that some sort of announcement – possibly a share-swap deal – will be revealed in the next couple of weeks. TSB fell 3¼ to 123¼p in the face of some determined selling.

Royal Insurance were a lone feature in the insurances, the shares adding 9 more to 527p albeit in a market said to be short of stock.

The leading oil and gas stocks remained under pressure with BZW the leading UK investment bank joining the list of those preaching caution on the sector after its recent outperformance. Mr Fergus Macleod said the sector "is high enough for now," and said "a negative news flow is likely to lead to a period of consolidation." The BZW analyst expects a likely easing of crude oil prices towards $17 a barrel in early spring, the likely ending of Norwegian production restraint and the Monopolies Commission report on UK petrol retailing on December 20.

Anglian apart, business in the other water stocks was much quieter. Northumbrian was runner up to Anglian in the performance league, the stock closing a fraction ahead at 158p albeit in rather thin turnover of less than 1m shares. Other price movements were restricted to a penny or so either way with marketmakers now expecting the a flurry of selling pressure from private investors who should start to receive their interim certificates next week.

Turnovers and closing prices yesterday were Thames, 6.5m (136p), North West, 6.4m (137p), Severn Trent, 5.3m (129p), Yorkshire, 4.6m (148p), Welsh, 2.8m (142p), Southern, 2.6m (142p), South West, 2m (146p), and Wessex 1.3m (152p). The Package traded 40 units and closed at 1418p.

Mr Stephen Doe of Smith New Court, said that after the first week of trading he thought North West were attractive on a yield basis, that Anglian and Yorkshire had long-term attractions and that South West "are worth a punt."

EMAP sold its 11 per cent in Builder Group which fell 9 to 336p. EMAP rose 1 to 285p.

Advertising agency Brunning fell 23 to 97p after it announced a loss at the half-way stage. Bristol Evening Post fell 5 to 315p on lower interim profits.

Jefferson Smurfit, Irish-based paper group which announced the completion of its US restructurings, went smartly into reverse, dropping 15 to 635p following rise of 27 the previous day.

BAA gave up most of its gains for the week in spite of announcing strong passenger growth in November. It closed 6 down at 385p in line with the market on profit taking.

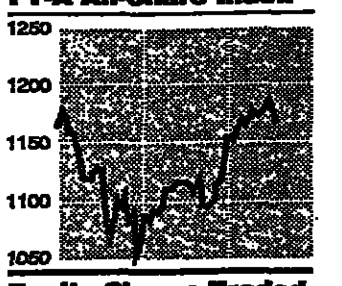
Davies & Newman put on another spurt moving up 25 to 755p. One marketmaker described it as an extremely tightly-held stock.

Eurotunnel continued to subside. It lost 45 to 523p following press reports that it might have to segregate traffic in its tunnels.

The shakeout in leading equities fell particularly hard on the pharmaceuticals sector as early reports from an industry conference in Sweden sparked off selling of both Glaxo, down 17 at 790p, and SmithKline Beecham, 13 off at 598p.

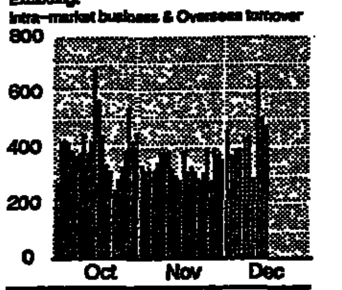
Suggestions from the conference of the success for Losec, the anti-ulcer drug made by Astra of Sweden, were discouraging for Glaxo, whose Zantac anti-ulcer drug is its major earner; SmithKline suffered on similar worries for Tagamet.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



its ulcer drug. At Smith New Court, Mr John Aldersley pointed out that Losec is still under restricted usage, so any change in status could mean a serious challenge to Glaxo's drug.

With pressure from the US again much reduced, Reuters lost a further 10 to 1034p – although dealers doubted if the price would fall very far before attracting renewed support.

ICI (1120p), Unilever (699p) and BAT Industries (820p) followed the market lower without suffering much selling pressure.

ASDA were heavily traded and closed 3 off at 105p on 14m after revealing interim pre-tax profits down some 23 per cent at £83.5m. Argyll, under pressure all week, settled 6 off at 202p on 3.6m.

Cadbury-Schweppes gave up 6 to 347p after BZW downgraded its 1990 profits forecast by £5m to £285m because of higher interest charges.

Positive sentiment following last week's publication of the Broadcasting bill ensured that many of the television stocks remained firm, in an otherwise dull day.

Thames gained 4 to 528p, while Tyne Tees firmed 2 to 428p. Yorkshire edged a penny forward to 270p, and Scottish, having been higher retreated to close a penny up at 491p.

Mr John Sanderson at County NatWest WoodMac said that after close scrutiny of the bill, "there is some hope that where decisions are left to the ITC [Independent Television Commission], they will tend to be favourable to the ITV companies. The general tone is that common sense is on the roll."

"Good French demand" said one marketmaker, was the reason for the rise in Euro Disney shares. The shares gained 5 to 945p.

Carlton Communications eased a penny to 849p, ahead of a prentation to US institutional investors on Monday and Tuesday next week.

Savoy "A" were wanted with a big buyer said to be in the market. The shares added 33 to close at 848p, with one marketmaker saying "This buyer just can't seem to get enough Savoy shares to satisfy his demand."

British Aerospace suffered from profit takers later in the day and the shares having run up six following the previous day's bullish analysts meeting closed 10 down at 566p.

Dowty Group gained 2 to 235p. Mr Clive Forrestier-Walker at Kitcat & Aitken said: "The strength of Dowty can be attributed to the positive news of further funds flowing on Al-Yamamah". The company is one of the subcontractors on the huge Saudi Arabian defence contract.

Profit takers were in evidence at Hawker Siddeley where the shares gave up 12 to 675p. Marketmakers however said the shares would have dropped even further but for a few short positions later in the day.

The loss of its position in the FT-SE 100 continued to affect Siebe and the shares eased another 6 to 457p.

Arthur Lee was one of the few bright features within the dull engineering sector. The shares added 8 to 160p as it was announced that GMF Investments, which had a 19 per cent stake in the company, has increased its holding to 22.16 per cent. A Marketmaker said: "This could well be the begining of a bid situation."

Lucas continued the previous day's weakness began as a result of a sell recommendation at UBS Phillips & Drew. The shares lost another 9 to 623p.

Shares in Hestair, the personnel services group which is the subject of a £167m bid from Adia, the Swiss group, eased a penny to close at 307p as the Department of Trade and Industry confirmed it would not be refering the bid to the Monopolies and Mergers Commission. But shortly after the market close BET announced it was making a £192m cash (or share alternative) bid for Hestair. The deal values Hestair at 325p a share.

Several of the leading analysts cast doubt on the worth of the BET move. Mr Francis Reid at UBS Phillips & Drew said: "The BET move raises some questions about the company's strategy when the existing policy of building up their distribution business is still incomplete."

Another analyst simply simply said: "There is little synergy between employment agencies and cranes."

■ Other market statistics, including the FT-Actuaries Share Index Page 9. Recent issues (including the Water issue stocks) Page 8.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	306	201	
ASDA Group	14,000	105	-3
Abbey National	3,500	172	-1½
Allied-Lyons	1,800	488	-9
Amstrad	1,700	44	-1
Argyll Group	3,600	202	-6
Ass. Brit. Foods	229	415	-5
BAA	1,300	385	-6
BAT Inds.	480	820	-5
BET	1,000	274	-3
BICC	744	465	-6
BOC	726	536	+6
BPB Inds.	228	227	-1
BTR	1,000	457	-10
Barclays	1,700	659	
Bass	477	1054	+1
Beazer	930	164	-1
Berisford Int.	194	154	-3
Blue Arrow	2,300	87	-3
Blue Circle	1,300	238	-6
Boots	473	269	-3
Brit. & Comm.	4,400	97	-1
Brit. Aerospace	1,400	566	-10
British Airways	2,150	220	+1
British Gas	5,700	224	-2
British Land	1,100	378	-14
BP	6,200	329½	-1½
British Steel	6,100	132½	-2½
British Telecom	5,700	287½	-2½
Bunzl	542	104	
Burmah Oil	301	884	-1
Burton	1,910	153	
Cable & Wire.	1,550	525	-2
Cadburys	1,300	347	-6
Calor Group	133	421	-7
Carlton Comms.	311	849	-1
Coats Viyella	439	141	-2
Comm. Union	581	493	-2
Cookson	1,100	256	-1
Courtaulds	585	375	-2
Dalgety	154	400	
Dixons	880	132	-2
Eng. China Clays	80	420	-9
Enterprise Oil	74	646	+3
FKI	2,400	85	+½
Ferranti	6,000	35½	-½
Fisons	5,100	385	-20
Gen. Accident	409	1190	-7
General Elect.	3,630	223	-3½
Glaxo	1,862	790	-17
Globe Inv.	60	167	-1½
Glynwed Int.	1,130	250	-2
Granada	215	314	-1
Grand Met.	1,200	611	+1
GUS A	63	1089	-5
GRE	1,100	[illegible]	-1
GKN	590	422	
Guinness	1,200	654	-7
Hammerson 'A'	1	822	-2
Hanson	4,200	218	-5
Hanson Warrants	821	52	-2
Harrisons Cros.	448	156	-1
Hawker Sidd.	942	675	-12
Hillsdown	538	268	-4
IMI	646	213	-2
ICI	862	1119	-11
Inchcape	150	294	
Jaguar	59	848	
Kingfisher	264	292	
Ladbroke	953	319	-2
Land Securities	536	623	-2
Laporte	155	491	-2
Legal & General	640	436	-1
Lloyds Abbey	480	334	+1
Lloyds Bank	1,700	435	-1
LASMO	620	576	+1
Lonrho	459	294	-2
Lucas	383	623	-9
MB Group	448	196	-3
MEPC	975	534	+1
Marks & Spencer	1,409	200	-1
Maxwell Comm.	175	235	
Mecca Leisure	870	169	
Midland Bank	2,000	370	+2
NatWest Bank	3,500	346	+2
Next	4,200	78	-2
Northern Foods	383	325	-6
Pearl	1	687	
Pearson	508	748	-13
P & O	755	587	-9
Pilkington	2,700	230	-4
Polly Peck Int.	2,300	309	-3
Prudential	3,600	219	-1
RHM	409	424	
RMC	22	687	-2
RTZ	1,300	585	-9
Racal	2,700	239	-3
Racal Telecom	175	309	-3
Rank Org	733	837	-9
Reckitt & Colman	342	1273	-13
Redland	135	542	-5
Reed Intl.	674	438	-4
Reuters	379	1034	-10
Rolls Royce	1,300	173	-1
Rothmans	1,000	653	-5
Ryl Bk Scotland	2,000	294	+4
Royal Insurance	981	527	+9
STC	1,800	345	-9
Saatchi	1,300	256	+4
Sainsbury	2,100	254	-5
Scottish & New.	620	351	
Sears	6,800	123	-1½
Sedgwick	1,300	301	+1
Shell Transport	3,300	474½	-3½
Siebe	556	457	-6
Slough Ests	729	330	-1
Smith (W H) A	8	332	-2
Smith & Nephew	3,300	131	-1
SmKl Beecham	1,900	598	-13
SmKl Beecham Eq Ut	353	[illegible]	[illegible]
Smiths Inds.	303	280	-4
Standard Chartd.	2,600	538	-20
Storehouse	3,300	111	-2
Sun Alliance	472	520	-1
Sun Life	2	1060	
T&N	730	205	-1
TI Group	215	420	-3
TSB	8,100	123½	-3½
Tarmac	877	277	-8
Tate & Lyle	238	277	-5
Taylor Woodrow	40	294	
Tesco	1,000	188	-3
THORN EMI	636	773	-14
Trafalgar House	480	380	-3
Trusthouse Forte	465	301	-5
Ultramar	1,800	357	+8
Unigate	641	323	-7
Unilever	1,700	700	-8
United Biscuits	2,500	359	-1
Utd. Newspapers	139	475	
Wellcome	408	754	-7
Whitbread 'A'	1,150	387	-2
Williams Hldgs	1,358	257	+2
Willis Faber	317	265	-3
Wimpey	1,200	240	-7

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (47).
BRITISH FUNDS (3) AMERICANS (2) BANKS (2) CHEMICALS (1) ELECTRICALS (1) INDUSTRIALS (3) Flogas, ISS-Intl. Serv. Sys. B, Photo-Me, INSURANCE (2) LEISURE (1) PROPERTY (1) SOUTH AFRICANS (3) TRANSPORT (2) TRUSTS (16) OILS (4) OVERSEAS TRADERS (2) MINES (10).
NEW LOWS (58).
AMERICANS (3) BANKS (1) BUILDINGS (3) STORES (8) ELECTRICALS (8) ENGINEERING (7) FOODS (2) HOTELS (1) INDUSTRIALS (12) AAF Invs., Amberley, Ass. Brit. Consultants, Benson Group, Chestergate, Cresta, Delaney, Oakwood Group, Porth Grp., Silentnight, Waterford Wedgwood, Westmex, LEISURE (2) MOTORS (1) NEWSPAPERS (1) PAPERS (5) PROPERTY (2) SOUTH AFRICANS (1) TEXTILES (2) TRUSTS (3) MINES (1) THIRD MARKET (1).

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	92	3	7	329	128	53
Corps. Dom. & Foreign Bonds	10	2	29	52	14	139
Industrials	213	487	898	1,747	1,895	4,607
Financial and Props	93	193	402	798	708	1,922
Oils	20	34	40	135	133	202
Plantations	2	0	8	4	5	41
Mines	35	48	27	190	195	483
Others	59	91	96	546	381	486
Totals	524	858	1,557	3,611	3,331	8,220

LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday December 14 1989

Gold Mines Index	+ 92.46	Food Manufacturing	+ 24.22
Health & Household Products	+ 53.03	Insurance(Brokers)	+ 24.15
Agencies	+ 51.99	Financial Group	+ 24.11
Merchant Banks	+ 50.04	Transport	+ 23.63
Insurance(Life)	+ 47.74	Leisure	+ 22.25
Motors	+ 44.17	Overseas Traders	+ 19.15
Investment Trusts	+ 39.41	Chemicals	+ 18.39
Oil & Gas	+ 38.42	Telephone Networks	+ 18.30
Brewers and Distillers	+ 37.04	Publishing & Printing	+ 16.38
Insurance(Composite)	+ 34.69	Capital Goods	+ 15.93
Other Industrial Materials	+ 32.03	Mechanical Engineering	+ 15.22
Banks	+ 30.95	Stores	+ 14.22
Mining Finance	+ 30.51	Electricals	+ 13.92
Other Groups	+ 30.42	Building Materials	+ 13.00
Conglomerates	+ 30.12	Textiles	+ 13.00
Consumer Group	+ 28.94	Electronics	+ 8.47
500 Share Index	+ 27.49	Metals & Metal Forming	+ 4.72
All Share Index	+ 27.29	Packaging & Paper	+ 3.21
Industrial Group	+ 25.84	Property	+ 0.77
Food Retailing	+ 25.58	Contracting,Construction	- 0.81

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	103-13	+1/32	11.99	11.97	11.57
		9.750	1/98	95-03	+29/32	10.67	10.89	10.67
		9.000	10/08	93-31	+25/32	9.70	9.85	9.74
US TREASURY *		7.875	8/99	100-21	+11/32	7.83	7.87	7.87
		8.125	8/19	103-07	+4/32	7.84	7.88	7.87
JAPAN	No 111	4.800	6/99	95.8080	-0.118	5.47	5.38	5.36
	No 2	5.700	3/07	102.0421	-0.001	5.47	5.44	5.52
GERMANY		7.000	9/99	98.8500	+0.350	7.16	7.26	7.35
FRANCE	BTAN	8.000	10/94	94.2793	+0.060	9.52	9.53	9.48
	OAT	8.125	5/99	94.5800	+0.540	8.98	9.02	8.98
CANADA *		9.250	12/99	98.5750	+0.305	9.47	9.63	9.37
NETHERLANDS		7.250	7/99	96.8400	+0.160	7.72	7.75	7.75
AUSTRALIA		12.000	7/99	94.3462	+0.052	13.06	13.15	13.32

London closing, *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Cocoa prices slide to fresh lows

COCOA PRICES slid further down the slippery slope this week as reports of a sizeable producer sale forced the market through the floor of its recent trading range.

Fresh 14-year lows were reached on Thursday in response to rumours that the Ivory Coast, the world's biggest cocoa producer, had sold between 30,000 and 50,000 tonnes of beans to Sucres et Denrées, the French trade house. The slide continued yesterday morning, when the March position on the London Futures and Options Exchange dipped to £619 a tonne, but buyers emerged at that level and by the close the price had recovered to £623 a tonne, down £3 on the day and £29 on the week.

Traders had expected little of this week's International Cocoa Organisation (ICCO) meeting in London, and they were not disappointed. No serious attempt was made to prepare the way for the revival of the moribund International Cocoa Agreement, but a two-year "non-economic" extension of the pact after its expiry next September was identified by a team of experts as the most realistic option. Under such an arrangement the agreement's buffer stock operations would remain in suspension, but at least it would avoid putting the market under further pressure by liquidating the existing 250,000-tonne buffer stock.

Mr Peter Baron, chairman of the ICCO council and a member of three-man team of experts, said formal reactions were now awaited from member governments. Early feedback had been encouraging, he said, and he hoped detailed work on the plan could begin at the full council meeting next March.

On the London bullion market an early surge took the gold price to a new 12-month high of $417.25 a troy ounce at Tuesday's close, prompting some analysts to repeat forecasts of an imminent move into the $420-$430 range. But the recent nervousness of the market once again became apparent and the price shed $9 over the next two days, although the consensus remained that the longer term uptrend was still intact. A $4 rally yesterday – encouraged by the dollar's fall following a bigger-than-expected US trade deficit – left the gold price $2 up on the week at $412.25 an ounce.

It was a week of varying fortunes on the London Metal Exchange. Nickel, recently the exchange's weakest contract, staged something of a rally, and tin built on last week's upturn, before falling back at the end of the week. News of a 24 per cent rise in LME stocks sent cash aluminium below $1,600 a tonne for the first time in two years on Monday, before rallying steadily. And a continued fall took cash copper down to £1,472 a tonne at one stage, but it ended the week only £5.50 down at £1,511.50 a tonne. Meanwhile lead rallied from an early fall only to surrender the gains yesterday, when a £25.50 decline left the cash price £31.50 down on the week at £432 a tonne.

But the main focus of attention was the zinc market, where concern about a squeeze on supplies available for immediate delivery has prompted precautionary moves by the exchange authorities. At the end of last week the LME imposed a limit of $20 a tonne on the daily backwardation (premium for cash metal over forward prices) and this Thursday dealers trading cards, together with named client positions in the high grade and special high grade zinc contracts were called in for scrutiny, to establish who was long of the metal, who was short and by how much.

So far the LME's action has not cured the problem. At last night's close the three-month backwardation for high grade zinc was $190 a tonne, the same as at the end of last week, while that for special high grade had more than doubled to $224 a tonne. But there is no way of knowing what levels might have been reached had the exchange not intervened.

What is apparent, however, is the LME's determination to maintain an orderly market, although such intervention does not meet with the full approval of some of its members.

The strong rise in gas oil futures prices on the International Petroleum Exchange ran out of steam this week after the February position peaked at $198 a tonne on Monday. That rise had been in response to the cold weather in the US and Europe (gas oil is used for heating) and to a tight supply situation, exacerbated by transport difficulties caused by low water levels on the Rhine. But dealers felt the pace of the rise (the February price had started this month at only $173 a tonne) had resulted in the market becoming overbought. The price dipped to $187 a tonne on Thursday before steadying to $190 a tonne, down $1.50 on the week, at last night's close.

Richard Mooney

APPOINTMENTS

MB Group changes

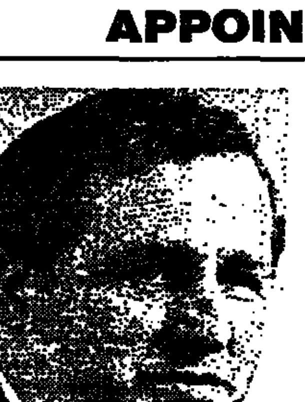
■ Following the acquisition of Caradon, the MB GROUP has made the following appointments. Mr Murray Stuart, group chief executive, becomes executive chairman. He is succeeded by Mr Peter Jansen, formerly group chief executive of Caradon. Mr Daniel Cohen is made finance director of MB Group - he was group finance director of Caradon. Mr Tim Walker, chief executive of Caradon Group, has joined the board of MB Group as executive director responsible for all UK building products operations. Mr Antony Hichens, previously non-executive chairman of Caradon, and Mr Clive Thompson, group chief executive of Rentokil Group and formerly a non-executive director of Caradon, have been appointed non-executive directors of MB Group.

■ Mr Peter Lavin has been appointed director of St David's Hotels, a new REDROW GROUP company. He joins from the De Vere Hotel group.

■ Mr Graham Howat has been appointed group managing director of the QUALITAIR AVIATION GROUP from April next year. He is managing director of Hong Kong Aircraft Engineering Co.

■ Mr Tim Bullock has been appointed a director of LOMBARD BANK, part of the National Westminster Bank Group.

■ THE PEGG GROUP has appointed Mr L.E. Grady as managing director of its subsidiary Pegg Plastics.



Mr R.V. (Tim) Holley (above) has been appointed to the parent board of RACAL ELECTRONICS. He is also made chairman of Racal Data Communications Group, and will represent the group on the main board. He was the group's deputy chairman.

■ Mr Richard Baggarley, western region managing director, and Mr Eric Wood, eastern region managing director, have been appointed to the HARCROS group board.

■ Mr Adrian H.H. Bowden, president and CEO of Multiserv International, has been appointed a non-executive director of ABERDEEN TRUST HOLDINGS.

■ From January 1 Mr Stanley K. Williams, deputy secretary, becomes secretary of BTR. He succeeds Mr David Sharrock who is retiring.

■ LEDERLE LABORATORIES has made the following appointments: Mr Paul Vaughan-Griffiths to chief executive officer; Ms Alison Ayers, general products director; and Mr Kevin James, hospital business director.

■ Mr David E. Saunders has been appointed sales director of AMBASSADOR SECURITY GROUP.

■ Mr David Siler has been appointed sales director of GE PLASTICS, Warrington. He was product manager for the company in Tokyo.

■ Mr Peter Jacobs, managing director of British Sugar, has been appointed a non-executive director of DAIRY CREST from January 1.

■ Mr Barry Maiden has been appointed finance director of HILTON UNITED KINGDOM. He joins from Threshers where he was finance and systems director.

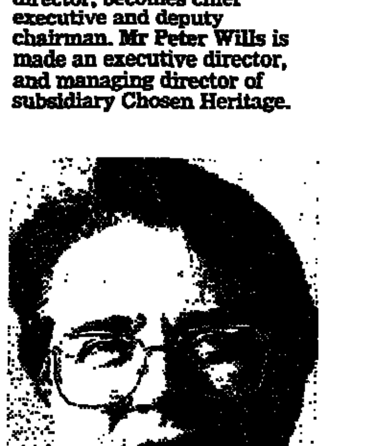
■ J.H. MINET & CO and Minet Reinsurance Brokers International have appointed Mr Ian Soden as managing director, joint information technology development, and a director of both companies. Minet International Professional Indemnity has promoted Mr Steve Seymour to regional director, claims department.

■ EUROPA MINERALS GROUP has appointed the following: Mr David Hood, executive chairman; Mr Alastair Holberton, managing director; Mr David Spencer, commercial director; Mr James Bunyan, director, UK coal; and Mr Michael Gregory, finance director and company secretary.

■ Mr Neil MacKinnon has joined YAMAICHI INTERNATIONAL (EUROPE) as its chief economist and strategist. He was senior economist, Chase Manhattan Securities, and previously was one of Mr Nigel Lawson's three-man think tank of advisors at the Treasury.

Chairman of Gt Southern

■ Mr James Smillie, a non-executive director of GREAT SOUTHERN GROUP, and chairman and managing director of Stratstone, will succeed Mr Edward Field as chairman from January 1. Mr Field will continue as a non-executive director, and becomes group president of Great Southern. Mr Eric Spencer, group managing director, becomes chief executive and deputy chairman. Mr Peter Wills is made an executive director, and managing director of subsidiary Chosen Heritage.



Mr Mark Phythian-Adams (above) has been appointed deputy managing director of BRITISH & COMMONWEALTH MERCHANT BANK, and head of corporate finance. He is also appointed a director of BCMB Group, the divisional holding company. Mr Phythian-Adams joins from Henry Ansbacher & Co, where he was managing director of corporate finance.

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AUTHORISED UNIT TRUSTS

Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ψ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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Wardley Unit Tst Mngrs Ltd (0900)H
3 Harbour Exchange, London, E14 9GJ 01-456 5656

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♦	5¼	73.36	73.96	78.48	-0.22	1.4
Intl Growth ♦	5¼	85.85	85.85	91.61	-0.47	1.0
Income ♦	5¼	130.7	130.1	139.1	-0.40	4.7
Japan Growth ♦	5¼	256.2	256.2	274.0	+0.30	0.1
Pacific Perf ♦	5¼	169.7	169.7	182.4	-0.58	0.1
Small Co's ♦	5¼	129.2	129.2	138.1		1.4
Technology	5¼	33.97	33.97	36.33	-0.42	0.1
Australia	5¼	64.80	64.80	69.30	+0.12	3.3
UK Trust ♦	5¼	176.3	176.3	188.5	-1.00	2.6
European Growth ♦	5¼	76.53	76.53	81.85	-0.10	0.1
Hong Kong ♦	5¼	35.44	35.44	37.90	+0.15	1.9
Intl Income	5¼	22.50	22.50	24.06	-0.06	7.5
S'sore & Msian Gth	5¼	38.69	38.69	41.37	-0.34	0.1
British Winners ♦	5¼	26.36	26.36	28.19	-0.18	1.8
Japan Smllr Cos ♦	5¼	31.44	31.44	33.62	+0.05	0.1

Waverley Unit Tst Mngmt Ltd (1000)F
13 Charlotte Sq, Edinburgh 031-225 1551

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Australasian Gold	6	16.17	16.24	17.28	+0.07	0.00
Pacific Basin	6	31.45	31.45	33.45	-0.26	0.60
Can Balncd Gwth ♦	6	49.31	49.31	52.45	+0.25	0.64
Glbale Man ♦	4	0.9766	0.9766	1.0205	+0.47	7.59
Penny Share	6	28.44	28.44	30.25		10.50

Wellington Fund Mngrs Ltd (1200)F
2, London Bridge, SE1 01-407 4404

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Wellington Income	5¼	140.9	142.7	151.8	-0.7	5.80
Wellington Growth	5¼	231.1	233.2	248.1	-0.8	1.10

Wessex Asset Management (1330)F
1 Richmond Hill, Bournemouth BH2 6HW 0202 299432

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Wessex UK Gwth	4½	111.5	114.9	119.7	-1.1	4.05

Whittingdale Unit Tst Mngmt Ltd
2 Honey Lane, London EC2V 8BT 01-606 3132

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Challenger ♦ F	2¼	62.65	62.65xd	64.24	-0.18	10.00
Short Dtd Gilt ♦ F	1¼	82.45	82.45	83.56	+0.05	8.44
US Govmt Bond ♦ F	1¼	5.5796	5.5796xd	5.8872	[illegible]	0.00

Willbro Financial Services Ltd (0905)F
PO Box 515, 6 Broadgate, London EC2 01-588 7511

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Aust Fnanc'l Wrwide	5	207.0	210.8	224.2		2.95

Windsor Trust Mngrs Ltd (1200)F
83 Kingsway, London WC2B 6SD 01-405 8331

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth & Equity	5	57.07	60.32	64.16		7.34
European	5	80.35	80.66	85.81		0.10

AEtna Life Insurance Co Ltd—Contd.
Pension Funds (Accumulation Units)

	Bid Price	Offer Price	+ or -	Yield Gr's
Squirrel	15.79	16.63	+0.01	-
Bear	17.22	18.13	-0.10	-
Owl	22.87	24.08	-0.16	-
Bull	20.68	21.77	-0.05	-
Stag	20.00	21.34	-0.03	-
Gilt Edged	13.86		+0.03	-
Deposit	13.59		+0.01	-
North American	10.97	11.55	+0.04	-
European	11.81	12.44	+0.01	-
Property	12.02	12.66	+0.06	-
Index-Linked	11.87	12.50		-
Far Eastern	15.17	15.97		-
UK Equity	15.78	16.62	-0.05	-
Fixed Interest	12.11	12.75	+0.03	-
Gilt Edged (99)	10.02	10.55	+0.02	-
1982 Series				
Managed	298.68	314.41	+0.28	-
Pn 1982 Series				
Aetna Life				
3 Way	706.57	706.58	+1.08	-
Equity Pensions	1237.05	1237.06	-0.32	-
Aetna Pensions Ltd				
3-Way Managed	641.63	641.63	-7.82	-
Exempt Approved				
Mixed Managed	220.56	225.07	-0.51	-
Gilt Edged	13.86		+0.03	-

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar EN6 1AJ 0707 42311

Life Funds

	Bid Price	Offer Price	+ or -	Yield Gr's
Brit Gthg Cap Fd Acc(z)	146.0	153.6	-1.4	-
Equity Fd Acc(z)	1070.1	1126.3	-10.0	-
European Fd Acc(z)	280.7	295.5	-0.6	-
Intl Fxd Int Fd Acc(z)	215.4	226.7	+0.3	-
Fixed Int Acc(z)	348.6	366.9	+1.0	-
Gtd Money Fd Acc(z)	244.6	257.4	+0.1	-
High Income Fd Acc(z)	120.8	127.1	-0.8	-
Intl Man Fd Acc(z)	437.5	460.4	-1.7	-
Japan Fd(z)	322.4	339.3	-0.1	-
UK Smllr Co's Fd Acc(z)	112.3	118.2	+0.2	-
European Metro	123.8	130.2	-0.5	-
Global Metro	108.7	114.4	-1.3	-
Sunrise Metro	128.0	134.7	-0.1	-
UK Metro	112.1	118.0	-0.4	-

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	114.0	120.0	-3.0	-
Building Soc. Fd.	178.0	188.0	.....	-
Balanced	285.0	300.0	.....	-
European	201.0	212.0	-1.0	-
GT Managed	189.0	199.0	-1.0	-
Gartmore Mngd	129.0	136.0	-1.0	-
German	164.0	173.0	-1.0	-
Gilt	173.0	183.0	+1.0	-
Global	49.0	52.0	+1.0	-
High Inc.	105.0	111.0	-1.0	-
International Equity	201.0	212.0	-1.0	-
Japan	294.0	310.0	.....	-
Managed	58.0	62.0	.....	-
Property	309.0	326.0	.....	-
R. W. Imperial Gold	148.0	156.0	+1.0	-
UK Equity	315.0	332.0	-1.0	-
Pension Funds				
American	150.0	158.0	-1.0	-
Building Soc. Fd.	182.0	192.0	.....	-
Balanced	224.0	236.0	.....	-
European	202.0	213.0	.....	-
German	145.0	153.0	.....	-
Gilt	153.0	162.0	.....	-
International Equity	145.0	153.0	+1.0	-
Japan	148.0	156.0	.....	-
Managed	64.0	68.0	-1.0	-
Property	238.0	251.0	.....	-
UK Equity	306.0	323.0	.....	-
Professional Life Assurance Co Ltd				
Frobisher Hse, Nelson Gate, Southampton 0703 232323				
Pensions Managed Fund	95.53	100.98	.....	-
Pension Cash Fund	82.65	87.00	.....	-
Prolific Life & Pensions Ltd				
Stramongate, Kendall, Cumbria LA9 4BE 0539 733733				
Managed Fund see Balanced Growth Managed Fund				
Life Funds				
Balanced Gwth Mngd	615.6	648.7	-2.2	-
Adventurous Mngd	135.6	142.9	-0.6	-
Secure Mngd	111.7	117.8	-0.5	-
Cash Fd.	243.4	256.5	+0.5	-
Property Fund	300.3	316.5	+0.3	-
Equity Fund	698.6	736.2	-3.3	-
Fxd. Int. Fund	294.0	309.9	.....	-
International	337.5	359.1	-2.3	-

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Holborn Pensions Ltd—Contd.				
Index Linked Gilt	207.7	218.7	+1.3	-
Guaranteed	13.81		-0.19	-
International Money	212.3	223.5	-0.2	-
North American	80.5	84.8	-0.6	-
Japanese	167.1	175.9	-0.4	-
European	115.0	121.1	+0.6	-
Special Situations	112.8	118.8	-0.6	-
Communications	101.8	107.2	-0.3	-
Smaller Companies	105.5	111.1	-0.1	-
International Small Cos	143.5	151.1	-0.5	-
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 01-548 3281				
Discretionary Dec 13	£166.89	172.07	.....	-
Equity Dec 13	£177.44	183.75	.....	-
International Dec 13	£30.32	30.99	.....	-
Intl Bond Dec 13	£12.89	13.06	.....	-
Fixed Int Dec 13	£74.68	75.48	.....	-
Index Linked Dec 13	£64.69	65.62	.....	-
Property Dec 13	£116.66	123.54	.....	-
Cash Dec 13	£22.3578	22.3578	.....	-
Pru-Linked Retirement Plan				
Managed Dec 12	400.7	417.4	.....	-
Cash Dec 12	209.5	218.3	.....	-
Prudential Pensions Investment Account				
Pens Mngd Dec 14	161.2	173.5	.....	-
Pens UK Eq Dec 14	297.9	321.5	.....	-
Pens Intl Dec 14	207.5	223.4	.....	-
Pens Fixed Dec 14	170.4	179.9	.....	-
Pens Index Lk Dec 14	166.0	175.4	.....	-
Pens Cash Dec 14	136.7	144.0	.....	-
Regency Life Assurance Co Ltd				
Regency Hse, Lanark Sq, London E14 9XS 01-538 8800				
Aggressive Ptflio Fd.	122.1	128.5	.....	-
Balanced Ptflio Fd.	319.4	336.2	-0.2	-
Cautious Ptflio Fd	124.7	131.2	.....	-
Elite Fund	110.3	116.0	-0.2	-
European Fund	98.9	104.1	.....	-
Far East Fund	116.0	122.0	-0.1	-
Fixed Interest Fund	248.0	261.0	-0.1	-
International Fund	295.6	311.1	-0.2	-
Money Fund	183.4	193.0	.....	-
N. American Fd.	128.2	134.9	.....	-
Property Fund	394.1	414.8	+0.7	-
UK Equity Fd	384.6	404.8	-0.4	-
A.I.M. Brwin Dipm Fd.	101.9	107.3	+0.2	-

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (**)

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
134⅜	124	Treas 2pc IL '90(84.6)	134⅜	+⅛	2.09	9.98
99⅞	98¼	Exch 11pc 1990‡‡	99¼	....	11.09	14.92
101½	99¾	Exch. 12¼pc 1990	99⅞	....	12.58	14.66
96⅝	91⅛	Treas. 3pc 1990	96⅝	+⅛	3.11	12.14
97¼	95⅝	Treas 8¼pc 1987-90‡‡	97⅝	....	8.47	13.91
98½	95½	Treas. 8pc Cv 1990‡‡	96⅞xd	-⅛	8.25	13.89
98⅞	96⅝	Treas. 10pcCv 1990	96⅞	-⅛	10.32	13.89
93⅝	87⅝	Exch 2½pc 1990	93⅛	+⅛	2.69	10.53
101⅝	98⅛	Treas 11¾pc 1991	98⅛xd	-⅛	11.96	13.57
93¼	89⅜	Funding 5¾pc '87-91‡‡	92⅝	...	6.20	11.94
90⅞	86⅛	Treas. 3pc 1991	90⅛	+⅛	3.31	10.42
100⅛	95½	Treas 10pc Cv '91‡‡	95⅞xd	+⅛	10.43	13.04
101⅛	96⅝	Exch. 11pc 1991	97⅛	+⅛	11.32	12.75
94⅛	91⅛	Treas. 8pc 1991	92⅛xd	+⅛	8.69	12.64
106⅞	100⅞	Treas 12¾pc 1992‡‡	100⅞	+⅛	12.66	12.32
99½	95⅛	Treas 10pc 1992	95⅞	+⅛	10.44	12.24
94⅛	90⅛	Treas. 8pc 1992‡‡	91⅛	+⅛	8.73	12.21
100¼	96⅛	Treas 10½pc Cv 1992‡‡	97⅛	+⅛	10.89	12.01
85⅝	82⅛	Treas. 3pc 1992	84⅛	+⅛	3.55	10.26
105⅞	99⅞	Exch. 12¼pc '92	100½	+⅛	12.20	12.02
109¾	103⅛	Exch 13½pc 1992	103⅞	+⅛	13.01	11.84
94⅛	90⅛	Treas 8¼pc 1993	91⅛	+⅛	9.05	11.65
100⅛	95½	Treas 10pc 1993‡‡	96	+¼	10.42	11.49
108¾	101⅞	Treas 12½pc 1993‡‡	102¾xd	+⅛	12.17	11.56
88⅛	84⅛	Funding 6pc 1993‡‡	85½	+¼	7.02	10.80
113⅞	106⅛	Treas 13¾pc 1993‡‡	107⅛	+⅛	12.84	11.43
94⅛	89⅞	Treas. 8½pc 1994	90⅞	+⅛	9.40	11.46
117⅞	109⅞	Treas 14½pc 1994‡‡	110⅞	+⅛	13.11	11.25
113⅞	106⅛	Exch 13½pc 1994	107⅛	+⅛	12.61	11.39
100⅛	94⅞	Treas. 10pc Ln. 1994‡‡	95⅞	+⅛	10.43	11.18
110¼	102⅞	Exch. 12½pc 1994	104⅛	+⅛	12.02	11.36
96⅞	91⅛	Treas 9pc 1994‡‡	92⅛	+⅛	9.78	11.13

Five to Fifteen Years

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
108⅞	101⅞	Treas 12pc 1995	102¾	+⅛	11.69	11.28
79⅞	72	Exch 3pc Gas 90-95	76	....	3.95	8.68
101⅞	95⅛	Exch. 10¼pc 1995	96⅞xd	+½	10.64	11.16
113⅞	106⅛	Treas 12¾pc 1995‡‡	107¼	+⅛	11.87	11.01
119⅞	110⅞	Treas. 14pc '96	111⅞	+⅛	12.50	11.21
97½	90⅛	Treas. 9pc 1992-96‡‡	91⅞	+⅛	9.82	10.66
126⅞	117⅞	Treas 15¼pc 1996‡‡	118⅝	+⅛	12.84	11.06
117⅛	108⅞	Exch 13¼pc 1996‡‡	110⅛	+⅛	12.02	10.98
101⅛	94½	Conversion 10pc 1996	95⅞	+⅛	10.44	10.67
118½	109⅛	Treas 13¼pc 1997‡‡	111⅛	+⅛	11.91	10.91
104⅞	96⅞	Exch 10½pc 1997	98⅛	+⅛	10.68	10.83
95⅞	88⅞	Treas 8¾pc 1997‡‡	90⅛	+⅛	9.65	10.59
123⅛	118⅞	Exch 15pc 1997	120¼	+⅛	12.46	11.04
100⅞	93⅛	Exch. 9¾pc 1998	94⅞xd	+⅛	10.26	10.68
84¾	78⅝	Treas 6¾pc 1995-98‡‡	80⅛	+⅛	8.36	10.23
134⅛	123⅞	Treas. 15½pc '98‡‡	125⅞	+⅛	12.32	10.85
113⅞	105	Exch. 12pc 1998	106⅛	+⅛	11.23	10.78
100¼	92⅞	Treas 9½pc 1999‡‡	94⅛xd	+⅛	10.05	10.42
115⅞	106⅞	Exch. 12¼pc 1999	108⅛	+⅛	11.28	10.76
105⅝	97⅛	Treas. 10½pc 1999	99⅛	+⅛	10.59	10.64
104⅛	96	Conversion 10¼pc 1999	97⅝	+⅛	10.49	10.62
94⅛	86⅞	Treas 8½pc Ln 2000‡‡	88½	+⅛	9.60	10.34
97⅞	89⅞	Conversion 9pc 2000‡‡	91⅞	+⅛	9.83	10.34
122⅞	112	Treas. 13pc 2000	113⅞xd	+⅛	11.39	10.74
103⅛	95⅛	Treas 10pc 2001	97	+⅛	10.30	10.42
124⅞	114⅛	Treas. 14pc '98-01	116⅛	+⅛	12.02	10.96
102⅞	93¾	Conversion 9¾pc 2001	95⅝	+⅛	10.18	10.37
113⅞	104⅞	Exch. 12pc '99-02	106⅞	+⅛	11.26	10.83
104⅞	95⅞	Conversion 10pc 2002	97¾	+⅛	10.23	10.32
102⅞	94	Treas 9¾pc 2002	96	+⅛	10.14	10.29
97⅞	89⅛	Exch. 9pc 2002	91⅛	+⅛	9.86	10.22
126⅞	116⅛	Treas. 13¾pc 2000-03	118⅛	+⅛	11.63	10.80
105⅞	96⅞	Treas 10pc 2003	98⅞	+⅛	10.11	10.15
113⅞	103⅞	Treas. 11½pc 2001-04	105⅛	+⅛	10.66	10.58
106⅞	96⅞	Treas. 10pc 2004	99⅛	+⅛	10.09	10.11
59⅞	54⅛	Funding 3½pc '99-04	55⅞xd	+⅛	6.24	8.95
102⅞	93½	Conversion 9½pc 2004	95⅝	+⅛	9.92	10.04

BRITISH FUNDS—Contd

Over Fifteen Years

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
103⅛	93⅝	Conversion 9½pc 2005	96⅛	+⅛	9.90	10.01
111¾	101½	Exch. 10½pc 2005	103⅞	+⅛	10.11	10.00
125⅞	114¼	Treas. 12½pc 2003-05	117	+⅛	10.69	10.19
90⅞	82¼	Treas. 8pc 2002-06‡‡	84⅞	+⅛	9.48	9.92
119⅞	108⅛	Treas. 11¾pc 2003-07	110⅝	+⅛	10.60	1 218
96⅞	86⅞	Treas 8½pc 2007‡‡	89⅞xd	+⅛	9.50	9.77
134⅞	122⅛	Treas. 13½pc 04-08	125¼	+⅛	10.79	10.13
101⅛	91⅛	Treas. 9pc 2008‡‡	93⅝	+⅛	9.58	9.70
93⅞	91⅛	Treas. 9pc 2008 B	93⅝	+⅛	9.58	9.70
92⅞	83	Treas 8pc 2009	85¾	+⅛	9.37	9.67
102⅛	91⅞	Conv 9pc Ln 2011‡‡	94¼xd	+⅛	9.55	9.364
68⅞	61½	Treas. 5½pc 2008-12‡‡	63⅛	+⅛	8.71	9.47
89⅞	80⅛	Treas. 7¾pc 2012-15‡‡	82⅛	+⅛	9.40	9.61
132⅛	118⅛	Exch. 12pc '13-'17	121⅛	+⅛	9.87	9.67

Undated

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
45⅝	40⅛	Consols 4pc	40⅞	+⅛	9.76	-
40⅞	35⅛	War Loan 3½pc‡‡	34⅞	+⅛	9.63	-
70⅞	60⅞	Conv 3½pc '61 Aft	61⅞	+¼	13.53	-
41⅞	31¼	Treas. 3pc '66 Aft	32¼	+⅛	9.30	-
30¼	25⅛	Consols 2½pc	25⅞xd	+⅛	9.73	-
29½	24⅞	Treas. 2½pc	25⅞	+⅛	9.82	-

Index-Linked

1989 High	Low	Stock (b)	Price £	+ or -	(1)	(2)
112¼	103⅛	Tr. 2pc '92‡‡(97.8)	111⅞	..	3.02	4.11
105⅛	94⅞	Do. 2 '94 (102.9)	104⅞	+⅛	2.89	3.44
155⅛	139⅞	Do. 2pc '96(67.9)	155⅛	+⅛	2.98	3.36
130⅞	118⅛	Do 2½pc '01(78.3)	130⅛	+⅛	3.38	3.62
127⅞	115⅛	Do 2½pc '03(78.8)	127⅛	+⅛	3.46	3.67
131⅛	117⅞	Do. 2pc '06(69.5)	130⅛xd	+⅛	3.49	3.67
123⅛	110¼	Do. 2½pc '09(78.8)	122¼	+⅛	3.49	3.66
128	114⅞	Do. 2½pc '11(74.6)	127⅛	+⅛	3.49	3.64
106⅛	95¼	Do. 2½pc '13(89.2)	106½	+⅛	3.46	3.60
115⅝	101⅛	Do 2½pc '16(81.6)	114⅞	+⅛	3.43	3.57
112⅞	100⅞	Do 2½pc '20(83.0)	112⅛	+⅛	3.40	3.51
95⅛	84⅞	Do. 2½pc '24‡‡(97.7)	94⅞xd	+⅛	3.34	3.45

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1989: 114.3 and for November 1989: 118.5.

INT. BANK AND O'SEAS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
108⅞	98⅛	African Dev Bk 11¼Ln 2010	100⅛	+⅛	11.08	11.06
104⅛	94⅛	Asian Dev Bk 10¼pcLn2009	96½	+⅛	10.63	10.69
130⅛	117⅞	Australia 13½pc 2010	120⅛	+1⅛	11.23	11.00
113⅞	101⅛	Do 11½pcLn2015	103⅛	+1⅛	10.96	10.93
110⅞	98¼	Euro Inv Bk 11pc Ln 2002	100⅛	+⅛	10.91	10.87
119⅛	107⅛	Int-Am Dev Bk 12½pc 2003	109⅛	+⅛	11.38	11.06
99¼	89⅛	Do. 9½pcLn 2015	91⅛	+⅛	10.65	10.72
97½	89	Mlysia 10¼pcLn 2009	91	+2	11.81	11.94
120	110	Utd Mexican States 16½pc 2008	110	....	15.00	14.90

CORPORATION LOANS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
111½	95½	Birmingham 11½pc 2012	99½	....	11.56	11.60
91	85½	GLC 6¾pc 1990-92	87½xd	.	7.71	13.35
124½	115½	Leeds 13½pc 2006	116½	...	11.59	11.36
33	29	Liverpool 3½pc Irred	29	-1	12.07	-
95½	92	LCC 6¾pc '88-90	94½xd	....	7.14	12.80
30	26	Do 3pc '20 Aft	28	.	10.71	-
107½	99½	Manchester 11½pc 2007	99½	....	11.56	11.60

COMMONWEALTH & AFRICAN LOANS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
89½	86½	NZ 7¼pc 1988-92	88¼	....	8.22	12.00
206	206	S Rhod 2½pc Non-Assd	206	....		-
84½	84½	Do. 4½pc 87-92 Assd	84½	....	5.33	9.33

LOANS

Building Societies

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
100¼	99⅛	N'wide Anglia 12⅞pc 21.90	99⅞	....	12.87	15.22
100½	98¾	Do. 12⅞pc 29.1.90	99⅞	....	12.62	15.13
100	98¾	Do. 12⅞pc 26.2.90	99⅞	..	12.77	15.12
100	98⅞	Do. 12⅞pc 19.3.90	99⅞	..	12.96	15.13
100⅛	98⅞	Do. 13⅜pc 23.4.90	99⅞	...	13.43	15.22
100	98⅞	Do. 13pc 14.5.90	99½	.....	13.11	15.12
100	98½	Do. 13⅞pc 4/6/90	99¾	.	13.77	15.15
100⅛	99⅛	Do. 14⅜pc 2.7.90	99¾xd	.	14.37	15.16
100⅛	98⅞	Do. 13⅝pc 23.7.90	99⅞	....	13.75	15.09
100	98⅞	Do. 13⅝pc 13.8.90	99	....	13.57	14.59
100	98⅞	Do. 13½pc Bds 3.9.90	99	...	13.64	14.82
107½	98½	Do. 3⅞pcIL Ln 2021	107¼		4.34	4.47
107½	99⅛	Do. 4.25pcIL '24	106¾	-¼	4.34	4.31

Public Board and Ind.

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
47	43	Met. Wtr 3pc 'B'	45xd	...	6.67	10.85

FOREIGN BONDS & RAILS

1989 High	Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
50	40	Greek 7pc Ass	50	..	3.50	17.00
50	40	Do. 6pc 28 Stb Ass	50	...	3	16.00
50	40	Do 4pc Mixed Ass	50	....	2	14.00
80	65	Hung 24 Ass	83	..	2.75	13.57
139⅞	125⅞	Hydro Quebec 15pc 2011	128⅛	+1⅛	15.00	11.45
128⅞	113⅞	Iceland 14½pc Ln 2016	116⅛	+1⅛	14.50	12.36
97¼	90	Ireland 9¾pc '91-96	91	.	10.71	11.60

AMERICANS

1989 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
44⅞	26¼	Abbott Laboratories	40⅛xd	+⅛	$1.40	-	2.2
579p	362p	Allegheny & W 1c	468p	+15	30c	-	4.1
18¾	12⅛	Amax $1	14⅛xd	-¼	80c	-	3.6
11¼	6	Ambase Corp $1	7⅛	-⅛	20c	-	1.6
15	695p	Amdahl 5c	858p	-17	15c	-	0.7
37⅞	25½	Amer Cyanamid $5	33¼	+½	$1.35	-	2.5
25⅛	14⅛	Amer Express 60c	21⅛xd		84c	-	2.5
29	15¼	American T & T $1	28¼	-¼	$1.20	-	2.6
41⅝	26⅛	Ameritech $1	40¼	+¼	h$2.92	-	4.5
659p	490p	ASA America Equity‡	562p			-	-
22⅛	9⅝	BankAmerica $1⅞	16⅜xd	-¼	60c	-	2.3
37¼	19¼	Bankers N Y $1	25⅛xd	-⅛	$2.12	-	5.2
69⅝	38½	Bell Atlantic $1	69⅝		$4.42	-	4.0
35¼	19⅝	BellSouth Corp	35⅛	-⅛	$2.52	-	4.5
15⅞	9¾	Bethlehem Steel $8	10⅛xd	-⅛	40c	-	2.5
12	868p	Bio-Rad Labs. A	956p	-3		-	-
20¼	15¼	Bowater Inc	17⅛		$1.12		4.1
12⅞	8⅛	Brunswick 75c	8⅛xd	+⅛	44c	-	3.2
46⅝	29⅛	CPC Intnl 25c	43½	-⅛	$1.60	-	2.6
863p	333p	California Engy	823p	+30		-	-
36⅞	17¼	Campbell Soup 15c	30⅞xd	-⅛	92c	-	1.9
28⅛	15⅛	Chase Manhattan $12½	20⅛xd	-⅛	$2.36	-	7.2
26¼	17	Chem. Banking Corpn	19⅛		$2.72	-	8.8
17½	11⅞	Chrysler $6¼	11⅞xd	-⅛	$1.20	-	6.4
22⅛	14⅛	Citicorp $1	17⅛xd	-¼	$1.62	-	5.8
41⅛	25¼	Colgate-Palmolive $1	39⅛xd	-⅛	s$1.48	-	2.3
17¼	10¼	Com'l Bank Corp $4	13¼	-⅛	80c	-	3.8
410p	218p	Corporate Data Scnc	380p	-18		-	-
27⅞	21	Dana Corp $1	22⅛xd	+⅛	$1.60	-	4.6
12	760p	Data General	788p	-4		-	-
38⅛	26⅞	Dun & Bradstreet $1	27	+⅛	$2.00	-	4.7
43⅛	24½	Eaton Corpn. 50c	34⅞		h$2.00	-	3.7
11⅞	8⅞	EcNig Inc	9⅛	+⅛	70c	-	4.9
21⅞	16⅞	FPL Group 1c	21⅛xd		$2.20	-	6.7
23⅛	13⅛	Fluor Corp 62½pc	21⅝	+¼	16c	-	0.5
35⅛	27⅛	Ford Motor $1	27⅛xd	-⅛	$3.00	-	6.9
40⅞	24¼	Gen Elect 63c	40⅛	-⅛	$1.84	-	3.0
579p	365p	General Host Corp $1	406p	-16	32c	-	4.7
39⅛	18¼	Gillette $1	29⅛	-⅛	96c	-	2.1
997p	398p	Gt American Bank Bk $1	414p	+8	20c	-	3.1
23⅞	16⅛	Greyhound $1½	19	....	$1.33	-	4.4

Continued on next page

Huntington World Investors Fds Ltd
Managed Currency | $14.15 | 14.33 | ... | 7.71

Indosuez Asia Invest Services Ltd
Asian Growth Fund | $35.26
Asian Income Fund | $9.46
Pacific Gold Fund | $15.79

Inpremet
NAV Dec 13 | $11.20

Intermarket Fund
NAV Oct 31 | $416.21

The New Zealand Fund
Manager Leadenhall Offshore Ltd
The NZ Fund | $8.41 | 8.99

Newport International Management
Npt. Intl. Securities | $38.04
Npt. Intl. Inc. Fd | $19.08
Npt. Pacific | $26.51

Nikko Luxembourg S.A.
Global Alpha Strategy Fund-SICAV
Pacific Alpha Fd* | $13.96 | 14.17
US/Europe Alpha Fd* | $10.38 | 10.59

Skandifond
Skandinaviska Enskilda Banken
Equity Int. Acc | $12.25 | 12.87
Equity Int. Inc | $11.45 | 12.03
Equity Global | $1.16 | 1.23
Far East | $1.94 | 2.05
Equity Gold | $0.99 | 1.05
Equity Japan Acc. | Y148 | 157
Equity Nordic | $1.29 | 1.36
Equity UK | £1.16 | 1.22
Equity Cont Europe | $1.25 | 1.32
Equity Mediterranean | $1.15 | 1.22

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

Allied Trust Bank Ltd
97-101 Cannon St, London, EC4N 5AD 01-626 0502
OMNIA (£2,001+) | 14.50 | 11.15 | 15.94 | Mth
HICA (£2,001+) | 13.90 | 10.43 | 15.24 | Mth

Bank of Ireland High Interest Cheque Acc
36 Queen St, EC4R 1BN 01-435 7300
2,000-9,999 | 13.739 | 10.750 | 14.552 | Qtr
£10,000+ | 14.058 | 11.030 | 15.283 | Qtr

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01 601 6746
Money Mkt Cheque Acc. | 13.60 | 10.64 | 14.41 | Mth

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

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AMERICANS—Contd

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
15⅜	847p	Hasbro Inc 50c	12½	.....	16c	—	0.8
57½	32¾	Honeywell $1½	52⅞	–⅜	$2.75	—	3.3
22⅞	15¼	Houston Inds. ‖	22⅛	+¼	$2.96	—	8.5
76⅞	59⅜	IBM Corpn $1¼	59⅝xd	–½	$4.84	—	5.2
60p	45p	Image Storage/R.Sys.1c	50p	.....	—	—	—
32⅝	18⅜	Ingersoll-Rand $2	29⅞xd	+⅛	$1.20	—	2.6
33¼	22½	Lockheed Crpn. $1	25xd	–⅜	$1.80	—	4.6
22⅝	10¼	Lone Star Inds $1	10¼xd	–½	$1.90	—	11.2
27⅜	17½	Louisiana Land 15c	27¼	–⅛	$1.00	—	2.3
20½	11½	Lowe's 50c	19¼	.....	48c	—	1.6
28⅝	15⅞	Manuf. Hanover $1	20⅝	+⅛	$3.28	—	9.9
22⅝	13⅛	Merrill Lynch $1	16⅝	–⅛	$1.00	—	3.9
24¼	19¼	Molex Inc.	22⅛	+⅜	3.2c	—	—
30⅝	18⅛	Morgan (JP) $2½	26¼xd	–⅛	$1.66	—	4.0
28⅝	24⅛	Morris (Philip)	26⅜xd	–⅜	$1.13	—	2.7
55¼	36⅛	NYNEX $1	55¼	+⅜	$4.36	—	4.9
44p	16p	N'wide Legal Serv.‖	20p	+4	—	—	—
24⅞	18¼	PHH Corp. ‖	22⅝	–⅛	$1.16	—	3.2
259p	167p	♦Pacific Agr.‖	186p	+7	—	—	—
28⅝	19	Pacificorp $3¼	28⅛xd	–¼	$2.76	—	5.9
31½	16⅞	Pacific Telesis 10c	31⅝	–⅛	$1.88	—	3.8
22⅞	15¼	Pall Corp. 25c	20⅞	+⅛	48c	—	1.5
55⅝	39⅞	Pennzoil $3 1/3c	54⅝xd	–⅛	$3.00	—	3.5
42¼	28⅛	Quaker Oats $5	36⅛	–½	$1.40	—	2.5
32⅝	23½	Rep NY Corpn $5	30⅞xd	+⅛	$1.28	—	2.6
16¼	11⅞	Rockwell Intl. $1	13⅞	+⅛	78c	—	3.6
29½	22	Sears, Roebuck 75c	23⅞xd	–⅛	$2.00	—	5.3
37¼	21⅝	Southwestern Bell $1	37¾	+⅛	$2.60	—	4.4
27⅜	17⅞	Sun Co. Inc. $1	25⅜xd	–⅛	$1.80	—	4.5
31¼	22⅞	TRW Inc. 62½c	30⅝	–⅛	$1.72	—	3.6
24⅞	14⅝	TW Services $5	21⅛	.....	—	—	—
40⅞	26¼	Tenneco $5	38½	–⅜	$3.04	—	5.0
35½	28	Texaco $6.25	34⅞xd	–¼	$3.00	—	5.4
28⅞	18⅞	Texas Instr. $1	22xd	–½	72c	—	2.1
117⅞	58⅝	Time Inc. $1	81⅞	+⅛	$1.00	—	0.8
19⅝	13⅞	TRINOVA Corp.	14⅝	+⅛	68c	—	3.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

هكذا من الأصل

LONDON SHARE SERVICE

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING – Contd

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND – Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

For Water Issues see London Recent Equities

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES – Contd

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ *Interim since reduced, passed or deferred*
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... γ	88	.....
Craig & Rose £1.. γ	830	.....
Finlay Pkg 5p..... γ	61	–2
Holt (Jos) 25p..... γ	1353	.....

IRISH

Cap. 8½% Ln. 1991L...	£96¾	.....
9pc Cap Ln. 1996..	£96	+½
Fin. 13% 97/02...	£115½	+½
Arnotts	400	.....
Carrol (P J.) ...... γ	155	–1
Hall (R & H.J......	195	....
Helton Hldgs....... γ	94	.....
IRG	230	.....
United Drug........	140	–5

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons.............	41
Amstrad..................	6½
Astec (BSR)..............	5¼
BAT......................	67
BOC Grp..................	44
BTR......................	37
Barclays.................	40
Blue Circle..............	20
Boots....................	23
Bowaters.................	39
Brit Aerospace.........	46
British Steel............	9
Brit. Telecom............	22
Cadburys.................	31
Charter Cons.............	42
Comm Union...............	40
Courtaulds...............	31
Eurotunnel...............	65
FKI......................	8
FNFC.....................	22
Gen Accident.............	92
GEC......................	19
Glaxo....................	60
Grand Met................	44
Guardian.................	19
GKN......................	33
Hanson...................	18
Hawker Sidd..............	55
ICI......................	90
Jaguar...................	85
Ladbroke	25
Legal & Gen..............	31
Lex Service..............	26
Lloyds Bank..............	31
Lucas Inds...............	54
Marks & Spencer..........	16
Midland Bk...............	26
Morgan Grenfell..........	38
Nat West Bk..............	23
P & O Dfd................	51
Polly Peck...............	38
Racal Elect..............	20
RHM	37
Rank Org Ord.............	72
Reed Intnl...............	34
STC......................	25
Sears....................	9
SmKl. Beecham A..........	48
TI.......................	38
TSB......................	9
Tesco....................	16
Thorn EMI................	63
Trust Houses.............	23
T&N......................	16½
Unilever.................	57
Vickers..................	22
Wellcome.................	55

Property

Brit Land................	27
Control Secs	5
Land Securities..........	45
MEPC.....................	45
Mountleigh...............	13

Oils

Brit Petroleum...........	25
Burmah Oil...............	65
Charterhall..............	2½
Conroy Petlm.............	9
Premier.	10½
Shell....................	37
Tuskar Res...............	12
Ultramar.................	28½

Mines

Lonrho...................	23
RTZ......................	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

FINANCIAL TIMES
Weekend December 16/December 17 1989

Nato agrees open sky proposal

By Robert Mauthner, Diplomatic Correspondent, in Brussels

NATO FOREIGN MINISTERS yesterday agreed on a proposal for frequent aerial surveillance by Nato and Warsaw Pact countries of each other's territory.

The Atlantic Alliance proposal is based on one put forward by US President George Bush in May – itself an expansion of a concept first mooted in the 1950s by the late President Dwight Eisenhower. The proposal will be the centrepiece of the Western position at the joint Nato and Warsaw Pact Foreign Ministers' "open skies" conference, due to take place in Ottawa, Canada, in February.

Aerial overflights will facilitate the observation of military activities and will complement the provisions of the Stockholm agreement concluded by the 35 members of the Conference on Security and Co-operation in Europe (CSCE) in 1986.

It is also seen as a highly effective element of arms control verification regimes, such as those which will have to be devised for the prospective agreements on conventional, strategic and chemical weapons.

The willingness of a country to allow its territory to be overflown, would demonstrate its non-aggressive intentions and desire to create an atmosphere of mutual confidence.

Under the Nato proposal, participation in the open skies agreement would be open to all members of the Atlantic Alliance and the Warsaw Pact.

All territories of the participants in North America and Asia, as well as in Europe, would be included. National quotas, based on the size of participating countries, would limit the number of flights.

Larger countries would permit several flights a month over their territory. All participating countries would be entitled to participate in such observation activities, either individually or jointly in co-operation with their allies.

There would be rough correspondence between Nato and Warsaw Pact quota totals, and within those totals, for the Soviet Union and North American members of Nato – the US and Canada.

The countries conducting observation flights would use unarmed, fixed-wing civilian or military aircraft.

Nato pledge; Moscow to cut military spending, Page 2

Soviet Union mourns for Sakharov

By Quentin Peel in Moscow

THE SOVIET UNION was yesterday in mourning for Dr Andrei Sakharov, the father figure of the Soviet human rights movement, after his sudden death at home in Moscow.

Just three years after he returned from exile in Gorky, the entire Soviet Congress of People's Deputies stood for a minute's silence yesterday in tribute to the man who abandoned the privileges of a brilliant scientific career to fight for political freedom for Soviet dissidents.

Mr Mikhail Gorbachev, the Soviet leader, called his death "a very great loss" for Soviet society.

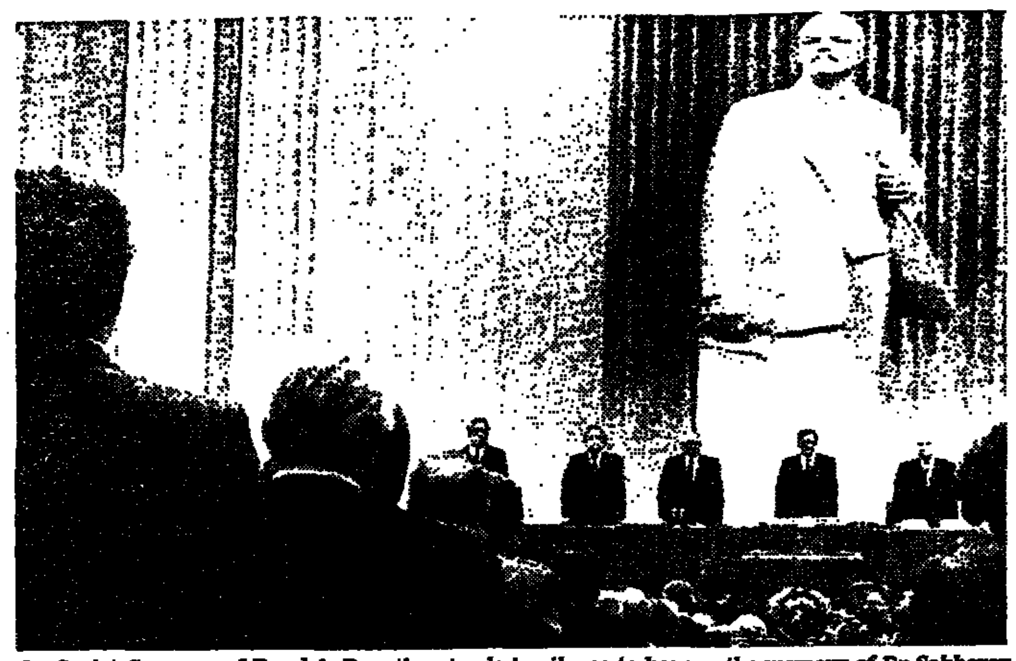
Only days before he had sharply attacked Dr Sakharov and fellow radicals for calling a token strike to demand an end to the monopoly on power of the Communist Party. Yesterday, Mr Gorbachev paid tribute to his special role in the perestroika process in the country.

As tributes flooded in from around the world the Soviet authorities appointed a funeral commission headed by a member of the Politburo, Mr Yevgeny Primakov, and the president of the Academy of Sciences, Dr Gury Marchuk, to arrange a lying in state and a funeral cortege.

The funeral on Monday is expected to pass the Luzhniki stadium, scene of many mass rallies over the past nine months, where thousands of Muscovites will be able to gather to pay tribute.

Mr George Bush, the US President, praised the former nuclear physicist's "courage and devotion to freedom."

Mr Bush, in a message to Mrs Yelena Bonner, Dr Sakharov's widow, said: "During the darkest hours of his struggle for human rights in the Soviet Union he embodied all that is good and decent in the human spirit."



The Soviet Congress of People's Deputies stands in silence to honour the memory of Dr Sakharov

The head of the Nobel Committee in Oslo, which awarded Dr Sakharov the Nobel Peace Prize in 1975, said: "As a freedom fighter for human rights, he prepared the situation for Gorbachev's glasnost. Sakharov's campaign was the beginning of glasnost."

Dr Sakharov died at his tiny two-room flat on the central ring road in Moscow. He had spent an exhausting day at the Congress, culminating in a stormy meeting of the radical Inter-Regional Group of deputies, of which he was a joint leader. Close associates said he was resting before beginning work on a speech about the state of the Soviet economy.

At the Congress, deputies showed their shock and distress at his sudden death, at the age of 68, believed to have been from a heart attack.

Mr Boris Yeltsin, the Communist Party dissident leader, called for a national day of mourning to mark his death.

Professor Oleg Bogomolov, a leading economist, said it was "a very sad event for all progressive forces in the Soviet Union. It is the worst moment to lose Academician Sakharov. We need him."

Even political opponents paid tribute to him. Mr Yegor Ligachev, the Politburo member whom Dr Sakharov regarded as the greatest threat to political reform, said he had been a very democratic man. He added: "He did a lot for his fatherland. We adhered to different views and positions but that is only natural."

Mr Vitaly Korotich, editor of the radical weekly magazine Ogonyok, said he was "a martyr of perestroika. It is time to tell people he was somebody who died for us many times."

He said that Dr Sakharov had been very tired for years. "They killed him in many ways. They sent hooligans. They sent him to Gorky.

"From one point of view, he was finished by the system but from another point of view, he finished the system. The system of administrative socialism received a decisive blow from Sakharov."

Freedom's champion, Page 6

THE LEX COLUMN

Warning tremors from UK plc

The market has been asking itself for some time how it would react to the bad news on corporate earnings. It is now getting the chance to find out. So far, the damage is still minor and localised; it is not clear that it will stay that way. After Thursday's run of bad results, a further 21 companies reported yesterday. Eleven had lower profits, three were in loss and five cut or passed the dividend. Nor was the bad news wholly in the price: the five dividend-cutters suffered an average price fall of 6 per cent.

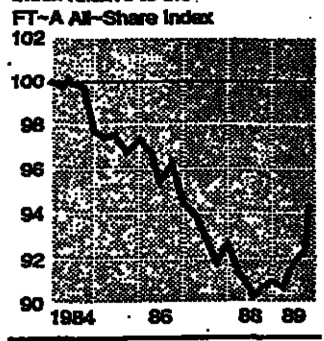
That need not mean that earnings for the market as a whole are set to fall. Salomon, for instance, is expecting an 8 per cent drop next year in UK operating profits, which it reckons accounts for 53 per cent of the UK corporate sector total. But given the weakness of sterling, translated overseas earnings could be up by 10 per cent and export profits by as much as 20 per cent. That would give a total rise in operating profit of 1 per cent.

But there seems little doubt that small UK-dependent companies are in for a hammering. The point is illustrated by comparing the FT-SE Index – which contains the top 70-odd per cent of the market by size – with the All-Share, which contains big and small alike. Over the five years to late 1988, the big companies underperformed the total by 10 per cent. They have made up nearly half the ground since. Even among the big companies, the onset of hard times is bringing out startling discrepancies. Reuters has outperformed the All-Share by 59 per cent since the start of this year, against an 80 per cent underperformance by poor old Amstrad.

FT Index fell 19.7 to 1,851.7

FT-SE 100 Index

Index relative to the FT-A All-Share Index



Asda

In spite of the warning of how dreadful Asda's interims were going to be, the shares still dropped another 3 per cent on the day. The market's belief in Asda's management is badly shaken. The company's defence is that three things have combined to knock it off course: the downturn in consumer spending, the delayed acquisition of the Gateway stores and the botched start with the new distribution system. But even supposing the problems are all surmountable within the next couple of years, it might be asked how well management morale will survive the experience.

It is becoming ever more apparent that the Gateway deal could make or break the company. Sales per square foot in the stores are only two thirds of Asda's own. Theoretically, this leaves scope for a 50 per cent sales increase in around a third of the group's business. Even an extra 6 per cent in 1990/91, it is claimed, would mean the financing costs of the acquisition were covered. But the Gateway stores seem less well sited than the Asda average; and with Asda's food volume flat in the first half and non-food volume down by close to 10 per cent, growth next year could be hard to come by.

Meanwhile, a 10 per cent fall in MFI's like-for-like volume in the same period has produced a 55 per cent drop in its operating profits and an £8.8m loss after interest charges. At 105p, Asda's shares are on something over 10 times earnings. There seems little reason for them to go much higher. Certainly, the market has all but abandoned hopes of a bid.

Hestair

Since the news of BET's counter-bid for Hestair came after the market close, the reaction may have been slightly unreliable. But it was quite unambiguous: a jump in Hestair's price to 6p above the offer and a near 10 per cent plunge in the price of BET.

The first part is easily understandable. Even at 325p, Hestair seems to be agreeing to a price of under 13 times earnings. A matter of weeks ago, Hestair sold the least promising of its consumer businesses – educational stationery – on a multiple of 10. The toy and buggy businesses, which are to be sold anyway, might fetch between 12 and 14 times. That leaves the recruitment business proper; in the US, such companies sell on a market multiple of 15 or more. If Adia's original 282p offer was a sighting shot, 325p does not look like a knock-out blow.

The drop in BET's price can be put down to market disappointment that the company is not, after all, settling for a period of organic growth, but is instead back on the acquisition trail in yet another new area of activity. This may be exaggerated; earnings dilution at this price would be less than 1 per cent. On the other hand, the market may be right to suspect that the company will not rest until it has built up a world position in recruitment to match its other businesses. Although this deal would probably not be subject to the threatened changes on goodwill accounting, under the new rules it would knock around £7.5m off reported profits.

VG Instruments

It is easy to see why the stock market convinced itself so swiftly yesterday that Fisons is about to pay something over £270m for VG Instruments and why Fisons' shares promptly dropped 20p. If Fisons is the party talking to VG, rather than, say, Hewlett-Packard, the idea is scarcely outrageous. Fisons would enlarge its existing scientific equipment business by about one-third; but presumably it would hope to nudge its own 6 per cent return on sales up towards the 20 per cent which VG manages, with its strong market positions. The near-term downside is equally clear, however.

Assuming Fisons paid £300m, making this a bigger buy than Pennwalt last year, VG's exit multiple would be about 23 times earnings. Given that Fisons trades on a p/e of about 14, the risk of some dilution is obvious; there are worriers arguing that, even assuming Fisons has end-year shareholders' funds of around £620m, it might have to raise fresh capital.

But Fisons would look a much more sensible owner for VG than BAT. The conundrum is why BAT hung on so long to a business with which it had no affinity. BAT picked up VG in 1984 as part of Eagle Star; but by mid-1986, BAT had sold off the remainder of Grovewood Securities, the Eagle Star-owned mini-conglomerate of which VG formed a part. Coincidentally, mid-1986 was the time when VG's popularity in the City was at its greatest. VG could have fetched a price then much the same as the £6 per share the market thinks it will go for now.

Anglian will try to flush out share buyers

By Andrew Hill

ANGLIAN WATER, the newly privatised company in which there was heavy dealing yesterday on the stock market, is to use the Companies Act to try to identify new owners of its shares.

The volume of trading in partly-paid Anglian shares was nearly three times greater than in any of the other nine privatised water companies which were floated on Tuesday.

The price rose 7p to 163p – the largest increase of any water company stock – and caused brokers to suspect stake building.

Analysts were unable to say who was behind yesterday's heavy buying and selling of Anglian stock, but the group has issued a series of notices under section 212 of the Companies Act, which require brokers to identify the ultimate owner of shares in nominee accounts.

Anglian ended the week at the highest premium to the partly-paid offer price of 100p, followed by the smallest of the 10 water companies, Northumbrian.

Its shares enjoyed huge attention when dealings began on Tuesday and ended their first four days on the market at 158p, up just 1p on the day.

Anglian, which also saw heavy trading in its shares on Tuesday, said it had no idea who was buying yesterday and was not prepared to confirm what action it was taking to track down the shareholders.

"At the moment we're pleased people want to buy our shares," said one Anglian adviser yesterday.

Speculation still centres on the possible involvement of the three French water suppliers which already own 12 of the UK's 29 smaller statutory water companies.

One of the trio, Lyonnaise des Eaux, again refused to comment on persistent rumours that it had been buying in the market.

The Government has kept a golden share in all the newly privatised water companies. This will protect them from any takeover attempt for five years, unless it is waived.

The names of investors who have bought shares this week or through the over-subscribed offer-for-sale are unlikely to appear on the water companies' shareholder registers until the second week of January at the earliest.

Most small investors have had to stand by and watch the frantic dealing in water shares in the last four days.

Small shareholders who are not established clients of stockbrokers have to wait until they receive their share certificates, which will be posted next week, before they can deal.

Anglian Water in demand, Page 15; Those who wait could profit most, Weekend III

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
DLW	705	+	10
Porsche	796	+	6
Falls			
BMW	515	−	9
Linde	842	−	16
Mercedes	525	−	23
Schering	788	−	9

NEW YORK ($)

Rises			
Exxon	49⅞	+	¼
Homestake Mng	20¼	+	⅜
Falls			
Bank of Boston	17⅛	−	1⅝
Bank New Eng	8⅞	−	3½
IBM	94⅞	−	⅜
Mack Trucks	5⅞	−	2⅛

PARIS (FFrs)

Rises			
Club Med	659	+	25
Nouvelle Gal.	820	+	25
Falls			
CSEE	376	−	14
Elf Gabon	1032	−	32
Eurotunnel	48	−	5.5
Raffinage	175	−	5.5

TOKYO (Yen)

Rises			
Dowa Mining	1430	+	200
Kyosan Cable	2040	+	190
Shin Hippon	1880	+	300
Tokyo Senpaku	1090	+	100
Yamada	1020	+	99
Falls			
Towa Sankiden	1780	−	100

New York prices at 12.30.

LONDON (Pence)

Rises			
Anglian Water	163	+	7
Berkeley Grp.	173	+	6
Caird Grp.	446	+	17
Davies Newman	776	+	25
Savoy A	848	+	33
VG Instruments	535	+	61
Falls			
Brit. Aero	566	−	10
Brunning Grp.	97	−	23
Eurotunnel	523	−	45
Fisons	335	−	20
Glaxo	790	−	17
Hawker Sidd	675	−	12
Hoskyns Grp.	495	−	25
Lucas Inds.	623	−	9
Reuters	1034	−	10
SmthKline Bchm.	598	−	13
Smurfit (J.)	635	−	15
Std. Chartered	538	−	20
Thorn EMI	773	−	14

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	19	66	Dallas †	S	-1	30	Madeira	F	21	70	Prague	R	9	48
Algiers	S	26	79	Dublin	C	4	39	Madrid	Dr	14	57	Reykjavik	S	-7	19
Amsterdam	C	5	41	Dubrovnik	C	15	59	Majorca	S	20	68	Rhodes	F	17	63
Athens	S	17	63	Edinburgh	F	-2	28	Malaga	S	20	68	Rio d'Janeiro		–	–
Bahrain	R	20	68	Faro	C	18	64	Malta	S	20	68	Rome	F	17	63
Barcelona	F	18	64	Florence	C	18	64	Manchester	C	5	41	Salzburg	F	7	45
Belfast	Sl	3	37	Frankfurt	R	10	50	Melbourne	C	17	63	S'Francisco †	S	6	43
Belgrade	C	16	61	Geneva	R	13	55	Mexico City		–	–	Santiago		–	–
Berlin	C	11	52	Gibraltar	S	22	72	Miami †	C	14	57	Seoul	C	4	39
Biarritz	F	23	73	Glasgow	Sn	2	36	Milan	Dr	5	41	Singapore	R	26	79
Birmingham	C	5	41	Guernsey	F	11	52	Montreal †	S	-21	-6	Stockholm	S	-19	-2
Blackpool	C	5	41	Helsinki	S	-16	3	Moscow	Sn	-8	18	Strasbourg	C	9	48
Bombay	S	30	86	Hong Kong	F	19	66	Munich	C	10	50	Sydney	F	19	66
Bordeaux	R	13	55	Innsbruck	F	9	48	Nairobi	F	26	79	Tangier	F	20	68
Boulogne	C	10	50	Inverness	S	-2	28	Naples	C	18	64	Tel Aviv	F	16	61
Bristol	F	7	45	Isle of Man	R	6	43	Nassau		–	–	Tenerife	S	24	75
Brussels	C	9	48	Istanbul	S	11	52	Newcastle	C	4	39	Tokyo	S	13	55
Buenos Aires		–	–	Jersey	F	11	52	New Delhi	S	21	70	Toronto †	S	-14	7
Budapest	S	14	57	Johannesburg	F	21	70	New York †	S	-3	27	Tunis	S	23	73
Cairo	S	30	86	Las Palmas	S	22	72	Nice	C	15	59	Valencia	F	21	70
Cape Town	S	21	70	Leeds	C	4	39	Nicosia	S	18	64	Venice	Fg	7	45
Cardiff	S	6	43	Lisbon	F	18	64	Oporto	C	17	63	Vienna	F	13	55
Chicago †	S	-22	-8	Locarno	Fg	5	41	Oslo	Sn	-14	7	Warsaw	S	10	50
Cologne	C	11	52	London	C	8	46	Paris	R	11	52	Washington †	C	-3	27
Copenhagen	C	-2	28	Los Angeles †	F	11	52	Peking	S	5	41	Wellington	C	19	66
Corfu	C	16	61	Luxembourg	R	9	48	Perth	F	25	77	Zurich	R	11	52

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Deputy governor sets 3-year target

By Peter Norman, Economics Correspondent

BRITAIN needs to maintain three years of annual inflation of between 2 per cent and 3 per cent to demonstrate that it can run the economy sensibly, Mr Eddie George, deputy governor designate of the Bank of England, said yesterday.

In an interview with the Financial Times, Mr George, whose appointment was announced on Thursday, said that the country needed a solid period of low inflation that produced sustainable growth. He estimated that this would require three consecutive years in which output rose at a faster rate than inflation.

Echoing remarks made earlier in the week by Mr Robin Leigh-Pemberton, the Bank Governor, Mr George said that he wanted the Bank to be given a clearly defined statutory obligation to combat inflation. Such "an absolute underlying assumption" would ensure that the balance of risks in conducting monetary policy fell on the side of price stability.

Mr George was cool towards recent proposals from Mr Karl Otto Pöhl, the Bundesbank president, that European central banks should adopt compatible monetary targets as part of an effort towards greater monetary policy co-ordination.

Although Mr Pöhl said in Frankfurt on Thursday that European central bankers had agreed to try to co-ordinate and harmonise their policies further, with the aim of gaining a higher degree of price stability, Mr George said he did not expect the bank to be operating in the money markets "with any European purpose."

In a European monetary context there was, he said, "no question that the next major step would be Britain joining the exchange rate mechanism" of the European Monetary System. Although it would be unwise to take the step until the economy was in better balance he said that the Government had made a "a very clear political commitment" to ERM entry. It was, moreover, "a national commitment" because it was accepted by Government and opposition.

● Mr Karl Otto Pöhl yesterday said that he would "very much welcome and appreciate " greater independence for the Bank of England. He told Channel Four News that it would help Britain reduce its inflation rate.

Interview, Page 4, Editorial Comment, Page 6

S Africa frees five Continued from Page 1

apartheid opposition, which lacks charismatic personalities who are powerful public speakers. Mr Lekota, who was publicity secretary of the UDF before his arrest, is both.

Mr Lekota was sentenced to 12 years imprisonment, and Mr Molefe to 10 years after the country's most important political trial since the so-called Rivonia trial of 1962-64, which led to a life sentence for Mr Mandela, the leader of the African National Congress (ANC).

Jailed with them were Mr Moss Chikane, another UDF activist, and Mr Thomas Mantata and Mr Gcina Malindi, officials of the South African Council of Churches.

The appeal concerned the trial judge's controversial decision to sack one of the court's two special assessors – legal experts who advise him – after learning that he had signed a UDF petition. The assessor subsequently accused the judge of political bias.

Because the five were released on a technicality, they could be arrested and re-tried. This seemed unlikely given the Government's efforts to improve the political climate.

GM and Saab Continued from Page 1

GM hopes that it will be able to use the prestige Swedish marque to improve its unsatisfactory penetration of the upper segment of the European executive and luxury-car market, where the performance of its top of the range Opel/Vauxhall Senator has been disappointing.

At the same time, it will gain access to additional capacity with Saab's three assembly plants in Sweden and Finland, which have been severely under-used as production has fallen this year, with sales dropping chiefly in the crucial US market.

Saab-Scania shares were suspended on the Stockholm stock exchange pending the announcement.

Saab's car division has plunged into the red this year with a loss of SKr1.2bn in the first eight months, and an estimated SKr1.8bn loss for the full year.

Mr Smith said he hoped the joint venture to be in profit in 1991.

Saab-Scania was forced to launch a search for a partner for its car operations to ensure its survival in the 1990s.

Mr Karnsund said that "soaring costs for research and development and ever-increasing international competition make it difficult for small volume car makers to survive on their own in a longer perspective."

Mr Karnsund said that Saab Automobile would launch three new car ranges in the 1990s.

Weekend FT

SECTION II

Weekend December 16/December 17, 1989

'I am just grateful to have lived so long'

A MOLEHILL of smoke appeared on the horizon, the skymark of Prague. "We will be landing at Ruzyn airport in about 15 minutes," announced a Czech voice over the intercom. "You must be terribly excited visiting home after 21 years," said my neighbour. He seemed more excited than I. For me this was the third return to Prague in the course of my life and much less dramatic than the first two.

In 1946, with pounding heart, I dragged myself from door to door only to be met by unfamiliar faces who informed me curtly that my cousins and friends – some 70 of them if I count only those really close – had never returned from Auschwitz and other concentration camps. I thought then I would not survive the pain.

In 1956, when my seven-year-old son jumped into the arms of a father whom he knew only from a few brief visits in prison, I thought my heart would burst with joy.

This third return was an anti-climax. I expected that it would be a possibility when Mikhail Gorbachev took over in the Soviet Union; when it happened I felt unnaturally calm, curiously indifferent, almost as if I had a cold stone where the heart should be.

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All the same I was looking forward to merging into the Czech-speaking crowd at the airport, a crowd composed of very distinct individuals, all ready to talk and joke while waiting for passport control. What should I find but hundreds of small male Vietnamese, all in their 20s, whose faces, anoraks and cardboard-packed luggage looked identical. Not only was there no Czech spoken but any approach was firmly resisted by these young men, who had the art of looking past you as if you did not exist.

Later I learnt that they were a contingent of imported workers some 30,000 to 40,000 strong. They are given a year's training and are then employed for another three years in Czech factories. They then return home with consumer durables which, when sold in Vietnam, provide many years subsistence for their families.

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It was dark when I boarded the airport bus and this spared me the view of the Ruzyn Prison, modelled after Moscow's Lubjanka. In Ruzyn I had dismally failed my teachers who were coaching me for the role of false witness in a show trial. If it is true, as it seems, that torture by starvation, sensory deprivation and interrupted sleep is no longer practised in Czech prisons, it could hardly have happened since the political upheaval of the last two weeks. The change – a significant success for the human rights movement – has taken place over a longer period.

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A new landmark in Prague is the Intercontinental Hotel. It is like any Intercontinental Hotel anywhere – and grossly overpriced – but it has the advantage of a unique location on the bank of the River Vltava in the old town of Prague.

At breakfast I had a view of the river, of my old law school across the street and beyond to the castle hill and the great Gothic cathedral.

I could not wait to cross the street to enter the familiar central hall. First year students, no doubt on strike, were evidently having a most enjoyable time but did not know where the dean's office was. I found it where it always had been, and as always it was locked.

A. H. Hermann was the Prague Correspondent of the Financial Times from 1964 to 1968, when he fled the country at the time of the Soviet invasion. He spent the Second World War in Britain and returned to Czechoslovakia only to spend six years in jail during the Stalinist period. Exiled in London, for the last 21 years, he was Legal Correspondent of the Financial Times. He is the author of A History of the Czechs.

■ *Our photograph, taken in Prague this week, shows Dr Hermann on the Charles Bridge with two young Czechs – the future. The castle is in the background.*

I called next door on Professor Otto Kunz, an experienced law teacher, and sat in the very room where some 55 years ago I failed an honours examination in civil procedure. I had to pinch myself to realise that I was no longer a student and that the venerable professor was in fact 20 years my junior.

I enjoyed a discussion of the normative theory of law and other subjects – and not only in Czech – Professor Kunz, a linguist, moved easily from Czech to American English, Parisian French, Viennese German and back to Czech. My proposed project, to form an Anglo-Czech law association, was received kindly but, I was told, could only be considered when submitted on letter-headed paper – it was Central Europe as always.

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I visited a number of old friends likely to know about the present and to speculate about the future.

Vladimir Meissner, who used to be Chef de Cabinet to Zdenek Fierlinger, first Prime Minister after the country's liberation in 1945, still lives in the family house built by his father, a minister of justice in the pre-1939 government: but he occupies only one room filled with books and papers and a huge alsatian dog. He still knows everybody and his telephone never stops ringing. But his considerable diplomatic skills are now deployed locally; he is still powerful enough to get public lawns mowed and to stop, single-handed, a motorway being constructed across the beautiful garden district of Vorechovka.

My next call was on Jiri Hajek, a friend from student times when he was leader of the Social Democratic Club. He became Dubcek's foreign minister in 1968 and last time we met it was in the splendid Czernin Palace. Widowed earlier this year he lives alone in a small suburban house. He has his desk in the kitchen, which seems to be the only warm place.

He really ought to keep warm, I thought, since he suffers from hip arthritis. But he does not seem to care much about his health – nor life's comforts.

As leader of the Czech human rights movement Jiri had exposed himself to continuous harassment over the past 17 years – perhaps that has kept his mind so lively, sharp and balanced. We talked about the likely impact which the end of the Communist monopoly of power would have on relations between the countries of central and Eastern Europe.

Would he return to politics? No, the protocol was an awful waste of time; but he would like to return to the Academy of Sciences from where he was flung out with another victim of "normalisation."

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The next day I had a very different experience. Slusovice, a collective farm in Moravia, sent a car to fetch me. To my great surprise I had a fellow traveller: Vojta Erban, formerly a left wing social democrat, minister of social security and then chairman of the National Front – a position which could be held only by a trusted friend of the Communist Party bosses. He is still a member of the federal parliament. It amazed me that someone could still think it worth while to give me the benefit of such a guide – if not supervisor.

This venerable power broker, two years my senior and obviously of tender health, has unbelievable endurance; he talked non-stop for the four hours of our eastward journey, plying me with political gossip, spanning the last 40 years and evoking many people I knew.

Arriving in Slusovice, I soon learned that it is not really a collective farm but an industrial group, a capitalist enclave. I had an interview with the boss, chairman Cuba, a hard-faced man who runs the place unsmilingly, according to Tomas Bata's book. (In the period between the wars Bata made this poor district the centre of his worldwide footwear empire. His son, also called Tomas, will arrive home this weekend, after 50 years, from Canada, where the capital of the Bata empire was transferred after the Communist takeover of Czechoslovakia in 1948.)

In Slusovice they ignored the stupidities of central planning and are highly successful in the pursuit of profit. It is, among other achievements, Czechoslovakia's biggest maker of computers, it trades successfully abroad and its employees enjoy wages and benefits unheard of in the rest of the country.

On the way back to Prague Evzen Erban slept and I had a most interesting talk with the chauffeur, who studied archaeology and philosophy; and later with a middle aged professional Communist Youth organiser who wanted to know about the economics of Thatcherism: We shall have to change our psychology, was his conclusion.

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The Old-New Synagogue is only 100 yards or so from the law school. It is one of the first built north of the Alps. The 13th century Gothic building is now a place of pilgrimage for American Jews but it is only with difficulty that it manages to find the 10-man quorum for the service. Only some 1,000 people in Czechoslovakia are now registered with the Jewish communities, and a few more thousand of Jewish origin who still live there are agnostic or converted to Christianity.

There is nothing left of the pre-war cultural strata which produced the writers Max Brod, Franz Kafka, Franz Werfel, Karel Polacek and Dr Alfred Fuchs, the papal chamberlain and ideologue of Czech Catholics.

With some trepidation I opened the door. It is a place where the walls were not white-washed for centuries because they were stained with the blood of pogrom victims who, in vain, sought refuge in the holy place.

I noticed an important change: the walls were white with no remaining traces of blood. "You must have white-washed the place," I said to the caretaker. He was appalled at the suggestion of such a sacrilege. "Never, no one must touch those walls!" So it must have been a miracle, I concluded, and received no reply.

I crossed the old town square to the Tyn which, for 200 years until their defeat in 1620, had been the bastion of Czech Protestants. Tyn was empty and silent; but when I entered St Jacob's great baroque church nearby, music fit for the day of judgment – the Czech nation seems to be preparing for it – thundered from the organ.

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The most revolutionary activity of the young seems to be flag-waving at strategic points on main streets. Walls and shop windows are covered with neatly-typed or painted posters . . . never forgetting to emphasise that any posters encouraging violence are planted by *agents provocateurs*. No graffiti on the walls. Prague people cannot bear the thought of defacing the ancient stones.

In the middle of a crowd of some hundreds of thousands a rubbish bin was pushed over: the crowd parted to make room for those who quickly put it up again and collected the strewn rubbish. In spite of revolution and strike the streets are clean as a freshly scrubbed floor. I wish the socialist borough of Camden, in London, where I live, would try to emulate this.

To the young people who started the great show the 1968 Prague Spring is distant history. Alexander Dubcek, the former premier, appeared, was applauded but found boring as he tended to dwell on the frustrated reformation of 1968.

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THE student demonstrations, which started on a small scale, swelled when someone not yet identified ordered a special police unit to enclose and beat up students commemorating November 17, the anniversary of the Nazi massacre of students and the closing of the Czech universities in 1939. The students now seem to believe that they overturned the Communist regime by the noise they made in Wenceslas Square.

In reality the security apparatus would have been perfectly capable of crushing any student revolt and sporadic strikes. The fact that this force was not deployed can be explained only by the action of the hidden hand. Moscow, no longer the object of public adulation, is still a power to be reckoned with in these parts.

What has changed since 1968? The reform movement then was tame, hesitant, sincere and opposed by the party apparatus. Today it is radical, all-embracing and possibly not entirely sincere.

There are people who fear for the loss of the little comforts they organised for themselves in the economy of scarcity. There are others who fear a backlash, even if only sporadic and spontaneous by the security services. But all profess their faith in radical reform and many see it as an opportunity for settling personal accounts and for advancement.

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Last Sunday the sky was clear when I awoke, the air crisp and frosty. I went for a walk along the embankment between the National Theatre and the Charles Bridge, a nostalgic walk to the place where I met Zdena for our first date.

Turning on to the bridge and leaning on the railing, I felt the past and the present merge. Two young people, a boy and a girl, stopped nearby. One could see that their concern was not with the passage of time nor with political ideals nor with dirty tricks. There may be a future after all, I thought.

But I no longer felt the cold stone in my breast and was grateful to have lived so long.

The Long View

A year when small wasn't beautiful

BARRY RILEY

It's been a great 1989 for the UK stock market as a whole. But don't say that to the followers of smaller companies

IT HAS TURNED out to be a very good year for the equity markets around the world and UK equities have gone up with the rest, whatever the little local economic difficulties of this country.

A year ago, I recognised the underlying cheapness of UK equities and I suggested that share prices would rise over 1989, perhaps significantly so. All the same, a gain by the All-Share Index of some 27 per cent has to be viewed as surprisingly large, given that my caution about the British economy has proved to be justified amply.

I warned that there was no way of avoiding a hard landing and that inflation (now 7.7 per cent and rising) would climb higher than anyone was admitting at the time (the Treasury, remember, claimed a year ago that end-1989 inflation would be under 5 per cent). Short-term interest rates have continued to edge higher through the year instead of peaking in the spring, as many forecasters hoped, and the balance of payments' numbers have been dreadful. But the stock market has brushed all this aside.

One reason for its resilience, clearly, is that the market has become predominantly international. In 1989, the All-Share Index has, overall, moved very much in line with the FT-Actuaries World Index measured in sterling. Buyers pounced swiftly in January, when the All-Share rose by 14 per cent, and they never lost faith after that. Increasingly, the big companies, at least, are international in their scope and cannot be trapped in a British straitjacket.

For small companies, though, it is very different and, in quite a striking way, we have seen two different UK equity markets emerge this year. It has been a dismal autumn for the smaller capitalisation stocks: the Hoare Govett Small Companies Index fell by 14 per cent between the beginning of September and the end of November, and this index was up only 5 per cent for the first 11 months of the year. Look at the way the FT-SE Index, which covers the 100 biggest stocks and excludes the small company sector, has this week been within 3 per cent of its pre-crash all-time high, and is up around 32 per cent since January 1.

One reason for the small companies' blues is that, in most cases, they are exposed fully to the domestic economy. Another is that their management resources are feared to be inadequate and inexperienced when it comes to coping with the first recession in eight years. Even so, the extraordinary strength of the market leaders needs further explanation.

One reason is the dog that did not bark in 1989 – the absence of a monetary squeeze. You might believe, if you have been listening to Government ministers, that a tight money policy is being implemented. This is not so. The country is awash with money, albeit at a price. The recent combination, since October, of a weak currency with a strong equity market provides a classic warning of slackness in monetary control.

As I put it 12 months ago: "Nigel Lawson (or his successor) will be forced to back off at some stage during the coming year." In the end, I said, inflation would be seen as the lesser evil, as it always is in the UK. This autumn, new Chancellor John Major has duly chosen the inflationary path in a quite explicit way.

True, the rise in interest rates has served to prick the house price bubble and the effect on consumer confidence has at last been felt in the High Street. But commercial borrowers have taken over where home-buyers left off.

This brings me to the biggest puzzle of the UK's financial markets in 1989. My greatest fear was of a severe squeeze on the corporate sector. With the public sector and the overseas sector both in very strong financial surplus, the corporate sector was bound to move into heavy deficit. Indeed, figures so far available for industrial and commercial companies indicate a £9bn deficit in just the first six months of the year.

In the past, the corporate sector has reacted violently to such financial pressure, for instance by closing factories and indulging in a wave of rights issues. In 1989, though, it has just shrugged its collective shoulders.

There has, in fact, been a stock famine. The volume of equity issues, itself low, has been more than offset by cash takeover bids for the likes of Consolidated Gold Fields, DRG, Jaguar and Morgan Grenfell. At the same time, the Government has been buying back its gilt-edged stock from the institutions at the rate of about £1bn monthly. So fund managers have bid-up scarce UK stocks without being able to invest substantial volumes of new money, and have had to satisfy their appetites elsewhere by buying foreign equities and bonds – thus adding heavily to the country's external financing requirement at a time when the annual current account deficit has soared to £20bn.

Why is British industry willing to plunge into debt like this? The conventional explanation is that companies fear being taken over and are trying to make sure that their shares are scarce and expensive. I must say that I am not convinced fully by this. It might also be that British industry now enjoys a much higher return on capital and believes it can, therefore, accept a more risky capital structure. We shall be better able to assess the wisdom (or otherwise) of this in the more difficult trading conditions of 1990.

In sterling terms, then, the UK stock market in 1989 has out-performed Japan – which is up 17 per cent – comfortably but has lagged behind the 40 per cent-plus surge by the US market and the similar gain by Germany. An encouraging year, but one which leaves us with the worry that we have seen the seasonally favourable January effect in December.

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MARKETS

FINANCE & THE FAMILY: THIS WEEK

Water shares: to sell or to hold?

Clare Pearson reports on the latest privatisation issue and concludes that rushing to sell your water shares allocation might not be the best course of action. **Page III**

Really interesting presents . . .

Sara Webb visits the Pennypinchers to find the best financial presents for younger members of the family. **Page IV**

The games people play

Fancy making a fortune on the board? **Peter Berlin** *looks at* the choice of business board games this Christmas. **Page V**

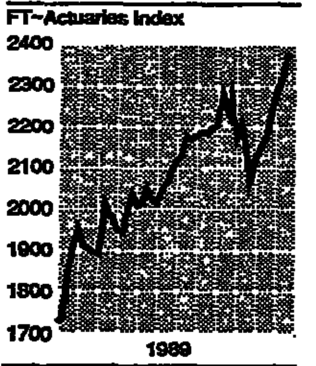
Minding your own business

Nicholas Lander reports on the attractions of managing one's own country house hotel — and on some of the pitfalls. **Page VI**

■ **Briefcase:** Declaring a profit: **Page V**

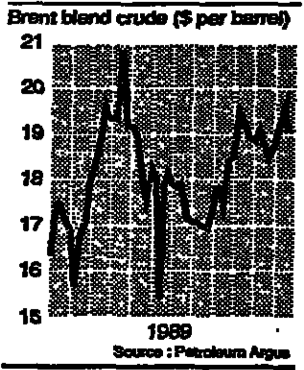
Oil and Gas

FT-Actuaries Index



Oil price

Brent blend crude ($ per barrel)



Source: Petroleum Argus

Oil and gas sector is lifted by crude demand

The oil and gas sector was one of the stock market's most active areas this week, with share prices making strong progress early in the week before stalling and slipping back from Thursday onwards. Share prices had been driven up to levels where the Oil & Gas sector relative to the rest of the market was at its highest level since 1984, just ahead of the oil price collapse more than five years ago.

Behind the sharp gains in oil company shares was a strong rise in the price of crude oil, which is approaching its highest levels since 1986 following a spate of cold weather across the US that is expected to boost demand. At the *same time dealers believe that the oil majors offer excellent* defensive merits — high yields and protection against sterling weakness. But many analysts are now urging caution, pointing out that yields and price earnings ratios now favour the US oil majors. *Stephen Thompson*

Rash of new savings accounts

Building societies are tripping over each other to woo the public with new savings accounts. The Halifax is launching Capital Xtra, paying 11.8 per cent net annually on a *minimum deposit of £10,000. It is a 90-day notice account* and the interest rate is guaranteed to be at least 5 per cent above the normal paid-up share rate for the next year.

Nationwide Anglia has started a PlatinumBond account for deposits above £25,000: the interest rate is 11.85 per cent and is guaranteed to stay at least 5 per cent above the share account rate for the next two years. Investors are locked in for two years, although you can make instant withdrawals provided you leave at least £25,000 in the account. You will lose 90 days' interest if you do so.

The Leeds Permanent has launched a fixed term investment *account (the Special Edition account) which pays 11.15 per* cent on £5,000 or more, 11.25 per cent on £10,000 or more, and 11.50 per cent on £25,000 or more. You have to leave your money there for one year and you cannot make withdrawals. *Sara Webb*

Midland Bank adjusts charges

Midland Bank is adjusting its charges for ordinary current account holders who slip into the red. The quarterly "account maintenance charge" has increased from £3 to £5 (there is an additional penalty charged for overdrawing without permission). The charge for autobank withdrawals, direct debits and Switch transactions will be reduced from 27p to 25p while cheques and standard orders will still cost 30p *for customers who are overdrawn. These charges do* not apply to Midland's interest-bearing current accounts. *S.W.*

Poll tax helping hand

Older readers who are worried about how the poll tax will affect them once it comes into effect next April may be interested in a free factsheet produced by Age Concern. *The Community Charge and Older People* contains information about who does not need to pay the poll tax, penalties for *non-payment, entitlement to rebates and how* to calculate rebates. Age Concern has also published a factsheet concerning legal advice for older people — *Legal Arrangements for Managing Financial Affairs* — which aims *to help the elderly sort out their financial affairs. Both* factsheets are available from: The Information & Policy Department (FS21), Age Concern England, Bernard Sunley House, 60 Pitcairn Road, Mitcham, Surrey CR4 3LL, provided you send a stamped addressed envelope. *S.W.*

Friendly policies transferred

Policyholders with the Fleet Friendly Society yesterday voted overwhelmingly in favour of *transferring* their policies to Homeowners Friendly Society as the solution to Fleet's financial problems. Fleet said that 63 per cent of its members voted: 8,800 were *in favour of transferring* the engagements and 30 voted against. The transfer will go ahead on February 15, and both friendly societies have said *that policyholders will find the benefits of their existing* contracts fully preserved. *S.W.*

Ghosts of Christmas past

ONE OF THE best-known adages in the stock market is "sell in May and go away." It is a pity, perhaps, that no-one has yet devised an equally catchy "buy in December" jingle.

Such advice could, after all, probably claim as good a record as many more familiar investment saws. Certainly it would have been robust advice in recent years. In the last month of 1986, for example, the FT-SE 100 Share Index rose 60points; in the same period of 1987, it advanced 132 points; and in latter part of 1988, a more modest 20 points, followed by a much sharper increase in January.

So far this year the index has been following the same form. It has now gained 35 points since the beginning of December despite the double *effects of Friday's inflation figures* – which were unsurprising if hardly much to cheer about – and the US trade figures, which together dented the market by 22 points. The stock market rally, which began in late October, has now recouped much of the 300-point slide which took place in the early autumn months.

It would, of course, be foolish to attribute such movements to seasonal whimsey or a general flood of good cheer. In previous years a variety of "special factors" must have accounted for at least part of the year end rallies. In 1987, for example, the market was rebounding from the worst ravages of the October stock market plunge; in 1988, the market was influenced by quite a lot of year-end bid activity.

However, this year, few of *these special factors* have been particularly evident. True, there has been a very modest increase in high-profile contested bids, with the Higgs & Hill, Hestair and Dixons battles currently chugging away. Corporate restructurings have also been a rather more evident, like that at British Land, for example.

Nevertheless, the fact remains that funding constraints – both in terms of deals – financed by bank loans and paper – are curtailing many corporate ambitions. Equally, a number of cash-rich potential purchasers give every sign of sitting tight, in the hope that acquisition prices will dip further in 1990.

Indeed, perhaps the best thing that can be said for the market in December 1989 is that it has been spared any bad news. *And that alone*, given the current economic uncertainties and the market's obsession with every statistical twitch, may explain a good part of the recent upward trend.

On Monday, for example, there was further confirmation of the impact high interest rates are having on Britain's high streets: November's seasonally-adjusted retail sales volume was down 0.8 per cent on the previous month, lower than many analysts had been expecting.

Moreover, statistics released the same day on output prices were also at the more optimistic end of City predictions. They confirmed that there was only a minimal increase – up 0.2 per cent, if food, drink and tobacco are excluded – in factory output prices last month.

As for the inflation figure itself, that too rolled in roughly in line with estimates on Friday. The year-on-year inflation rate rose to 7.7 per cent in November, compared with 7.3 per cent in October. However, the October figure benefited from the fact that the previous *year's 1.25 per cent rise in* mortgage rates fell out of the comparison; equally, the November figure suffered as the latest 1 per cent rise in mortgage rates was fed in. Stripping out the impact of mortgage interest payments, the "underlying" rate is put at a constant 6.1 per cent during both months, a touch better than the City had feared.

'The damaging effect which the interest rate squeeze is having on the profitability of UK companies is painfully obvious'

But, no matter how much the market may wish to turn a blind eye, the damaging effect *which the interest rate squeeze* is having on the profitability of an increasingly wide range of UK companies is painfully obvious.

And that message, too, was rammed home this week by the daily stream of companies issuing profit warnings or announcing reduced figures. Many of these were unsurprising, but *no less uncomfortable for that.* On the building front, for example, Anglia Secure Homes turned in a pre-tax loss, while Macarthy & Stone saw a sharp profits reduction; in the troubled furniture business, Silentnight talked of full-year profits down by more than a third and a reduced dividend; in the retail sector, Asda reported *lower interims and issued a* full year warning; and so on.

It is largely for this reason that an increasing number of commentators have talked of a market correction for some time now – and, indeed, towards the end of this week, some downward adjustment did finally appear to be under way.

While the threat of higher interest rates may have receded, runs the bearish argument, any prospect of a reduction – and a consequent easing of corporate pressures – is *still a good way off.*

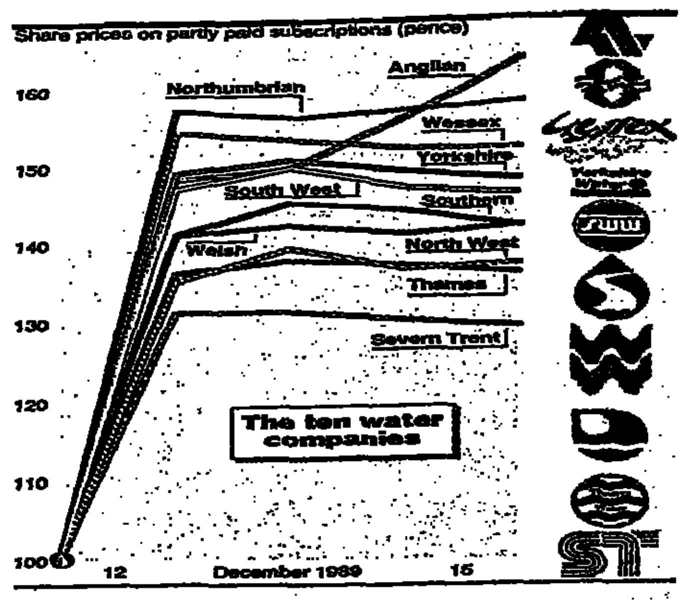
Even the more optimistic analysts are talking of trading profit growth of little more than 5 per cent next year, and that largely thanks to Britain's more export-oriented companies.

With such thoughts in mind, the market's dip at the end of the week – Footsie fell by *more than 19 points on Thursday* and was down by a similar amount at Friday lunch-time – looked a rather overdue dose of realism. Unseasonal though it may be, words like "frothy," "vulnerable" and "consolidation" have become uncomfortably prevalent in analysts' recent circulars. Whether the more sober *approach spills over into the* pre-Christmas week's trading *remains to be seen;* certainly some of the more bearish voices are predicting a drop in Footsie to the 2200 to 2250 level in either the dying days of 1989 or the early New Year.

If so, the most relieved people around may be the the innumerable advisers to the water companies' flotation. The prolonged stock market rally must have been watched gratefully as the complex launch of the 10 regional water companies reached its final stages last week. *Shares* in all the companies rose to healthy premia when dealings began on Tuesday, with early prices ranging from 157p at Northumbria to 131p for Severn Trent, compared with the 100p partly-paid issue price.

That may give the many thousands of small investors who received shares in the privatisation a warm pre-Christmas glow. But, as the remorseless tide of profit warnings from the UK domestically-oriented companies continues, one is bound to wonder how cheerful shareholders generally will be feeling in the cold light of 1990.

Nikki Tait



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1989 High	1989 Low	
FT-SE 100 Index	2344.7	-18.8	2426.0	1782.8	Pre-Christmas profit-taking.
Abbey National	172	+11	175	134	Daiwa, UBS, buy notes.
Argyll Group	202	-25	258	164	Broker's bearish note on sector.
Blick	204	+30	279	172	Excellent preliminary results.
British Borneo	660	+95	670	465	G.of Mexico drilling starts Jan.
British Land	378	-24	410	278	Investor revolt talk.
Charter Cons.	454	-14	583	450	Comment following figs.
Davies & Newman	775	+120	935	555	Very narrow market.
Eurotunnel	523	-85	1172	376	Market unease.
Ferranti	35½	-5½	113½	34½	Daimler-Benz will not bid.
Polar Electronics	95	+17	112	77	Preliminary profits up 31%.
Runciman (W.)	480	+60	500	333	22% stake changes hands.
Silentnight	76	-14	190	76	Profits warning.
Western Motor	608	+78	855	473	Bid speculation.
Yellowhammer	83	-60	213	81	Bad results.

WALL STREET

In search of a new high

FOR THE second time in two weeks, the Dow Jones Industrial Average has approached the 2,760 mark and baulked. *This is the final* hurdle which stands between the market and the all-time high of 2,791.41 which traders have been hoping to challenge by early in the New Year.

The chances of the final hurdle being overcome appear to have improved this week, to judge by the market's surprising resilience in the face of *another barrage of bad news*, from both the economic statisticians and the corporate finance directors. And if the Dow did rise again towards its early October peak, a move above 2,800 would be almost a foregone conclusion.

However, with the old record less than 2 per cent away, it is now near immaterial whether a new *high* is established within the next few weeks. What matters to all but the most adventurous speculators is whether the spectacular recovery from the October mini-crash will turn into a new upward trend after the old record is broken.

If it does, and the 2,800 mark on the Dow is breached *decisively without too much* trouble, then it would probably be a reasonable bet to rely on bullish sentiment alone to carry equity prices up another 5 to 10 per cent. "The trend is your friend," as they say in Chicago, and a strong enough trend to take the Dow above 2,800 might well prove unstoppable for a few months.

If, on the other hand, the market were to turn sharply down again either before or just after another attempt to breach its old record, the omens would be alarming. Such an aborted rally would put the onus for driving the market higher back on economic and financial fundamentals, rather than trend-following psychology. And this would probably be bad news for most, if not all, investments in the US stock market.

The fundamental problems were well illustrated by yesterday's *economic announcements*. Not only was the October trade deficit of $10.2bn the worst monthly figure recorded this year, but the big revision of the surprisingly low September figure confirmed the prediction made by almost all reputable economic forecasters, but steadfastly ignored by the market: that the specula*tive bubble in the dollar in the* past 18 months has put the nation's trading position once again on a deteriorating trend.

Industrial production, capacity utilisation and business inventory figures all conveyed the same message – that US-based manufacturers are now on the brink of recession, despite the continuation of *modest growth in overall* GNP and consumer spending.

On its own, this conclusion might not have been too bear*ish for a stock market* which had long since been taking its *cue from interest rates rather* than corporate profits, and which had therefore been looking forward to this year's abrupt slowdown in economic growth. This is indeed why many analysts predicted that Wall Street would move sharply higher yesterday in response to the economic figures, since the morning's sta*tistical releases included some*what better than expected news on producer prices.

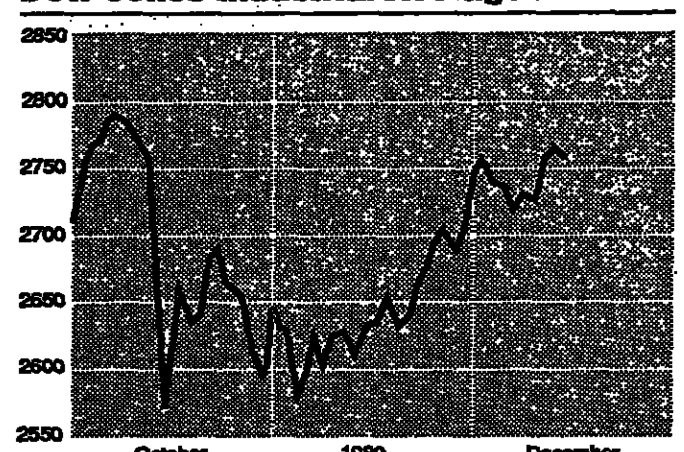
The fact is, however, that the "good news" on inflation is becoming an increasingly thin support for hopes of lower interest rates. Yesterday's PPI, when examined in detail, showed a big downward blip in energy prices which has *already been reversed, while* other costs continued to climb at an uncomfortable rate. For the 11 months from January to *November this* year, the PPI has risen at an annual rate of 4.6 per cent. This is hardly a bullish statistic from the Federal Reserve's standpoint, given that PPI movements *foreshadow only* the goods component of the consumer price index, while the even more inflationary service component continues at a monthly rate of more than 5 per cent.

But what makes for real danger in the conjunction of economic indicators released on Friday is the way in which interest rates, trade deficits *and inflation expectations* could soon begin to interact. The deterioration of the US trade deficit suggests that it is now only a matter of time before the dollar starts falling quite abruptly against the yen, as well as the Deutschemark. In the long run, this devaluation will be good for the US economy in general and for *manufacturing industry* in particular. Indeed, if it proceeds rapidly enough, the fall in the dollar will probably be sufficient to keep the US economy out of recession until at least the congressional elections due next November.

But the declining dollar could be extremely bearish for the bond market. Not only *would it deter Japanese invest*ment; even more important it could take the pressure to ease monetary policy off the Fed. Given the falling interest rate assumptions now built into the equity market, such a turn of events could rapidly puncture the recent burst of optimism.

Thus, even if the US econ*omy manages to avoid reces*sion and even if its manufacturing sector does begin to recover – both of which are likely – a troubled time for all the US financial markets probably lies ahead. But first some unexpected happening may be needed to break the wave of optimism.

Dow Jones Industrial Averages



Monday	2728.24	– 3.20
Tuesday	2752.13	+ 23.89
Wednesday	2761.09	+ 8.96
Thursday	2753.63	– 7.46

Anatole Kaletsky

JUNIOR MARKETS

New blows for Aunt Sallies

FOREIGN companies have long been the Aunt Sallies of Britain's Unlisted Securities Market. A succession of over-hyped launches and poor earnings records of US companies have provided the USM with some of its most lurid disaster stories.

If any year was to break this *mould, it should have been* 1989. As small companies foundered in the economic problems of the UK, overseas companies should have had a chance to shine. So, on the face of it, they have.

Last year, the 10 worst performers on the USM included six US-based companies. This time round, by contrast, four *overseas companies will* be in the top 10 performers' league.

But appearances may deceive. Three out of four of these star performers are exploration companies – buoyed by the revival in the oil *price, new discoveries, or simple* speculation. The fourth, Borland International, a US software company, has bounced back into profit this year. However its extraordinarily erratic history, which included a $2.8m loss in 1988-9, is hardly a record to conjure with.

While there are reasonable successes among the 44 *foreign* companies on the USM, they are overshadowed by the failures. Indeed, it might seem that the reason that overseas companies do not head the list of worst-performing companies of the year is that their dismal performance in previous years gives them pitifully little distance to fall.

Thus shares in URS International, a beleaguered management architectural and engineering consultant, have fallen from 2.2p to 1.75p *over the year* but do not merit a place on the laggards' list.

Other examples of continued *failures abound. Orchid* Technology, a Californian software company, capped its disastrous launch in 1987 with a 65 per *cent fall in its share price* in 1988. This year it has lost half its value again as it plunged into losses caused by restructuring costs, delayed new product launches and the collapse in the price of memory chips.

Similarly, Optometrics, an optical systems specialist, has continued its chequered progress with this week's announcement of a fall in profits due to problems in its UK subsidiary. This left its share price at 19p – little more than a third of its launch price of 55p.

In some cases, though, there have been some signs of improvement. Shares in Mrs Fields, the cookie maker which was among the USM's worst performers last year, have picked up marginally this year after it managed to cut losses. Tribble Harris Li, an architecture and design group which lost 75 per cent of its value in 1988 after an overambitious expansion programme, has returned to the black – although its shares are languishing at 29p compared with the 1986 placing price of 112p a share.

These minor improvements will hardly wipe the slate clean when compared with the overall performance of overseas companies.

Since the formation of the USM, its record has been dogged by spectacular failures such as Nimslo, a 3D camera maker (now reborn as Fairhaven), Chemical Methods, a dishwasher manufacturer (which has since been taken over) and Pavion International, a maker of cheap-and-cheerful *cosmetics which in September* had an administrator appointed.

So why has the performance of overseas companies been, by and large, so poor?

As business after business has run *into problems, embit*tered UK investors have increasingly come to the conclusion that the type of foreign companies *interested* in joining the London market are generally of low quality. The suspicion is that US companies come to the UK because investors here are more tolerant – and possibly more gullible *–than their US counterparts.*

The companies themselves say that London is cheaper, less onerous in terms of disclosure requirements and in terms of the percentage of equity that needs to be sold, and – until recently – more enthusiastic about US imports.

That British welcome may now have dried up, however. US launches, *such as the main* market's Richmond Oil & Gas, have been few and far between recently. On the USM this year, the only newcomers to the overseas contingent have been two companies from continental Europe: Le Creuset, a French maker of cast iron pots and pans, and R & V Information Services, a Dutch computer systems house.

So far, Le Creuset has not soured its welcome. Its shares have risen from 135p in July to 163p, even though a third of its sales go into the lacklustre UK market.

R & V, however, may have confirmed *the prejudices about* foreign companies. It joined the market with a high profile after lauding the greater liquidity *and publicity* afforded by the USM compared with the Dutch equivalent. But the City's cynics may have felt justified when, *after announcing* a sharp drop in interim profits, its share price dropped from 69p at flotation to 28p.

Vanessa Houlder

Brewers face the future with good cheer

THE RECENT round of results *poured out by UK brewers has* put a good head on the sector – and there are few signs of it going flat over the coming year. *It has outperformed* the market by 6.5 per cent this year and appears to have scope for further progress.

There will be a *substantial* realignment of assets as restructuring of the industry set in train by the Monopolies and Mergers Commission report gathers pace. The Government's decision to compel major brewers to "free" half of their pubs over a 2,000 limit has already concentrated management minds. Most are busily reorganising for the more competitive environment ahead, bringing a sharper focus to their business strategies and to the removal or reduction of problem areas and peripheral interests.

In the process, investors *have begun to appreciate the* brewers' strengths in retailing and other leisure activities, and in property. "The shift in *perception of the true source of* profits from manufacturing to retailing will lead to a re-rating of the sector," says County NatWest WoodMac's team of analysts.

The corporate activity now under way – with "for sale" notices on *Allied-Lyons'* Embassy Hotels and Normand motor distributors, Whitbread's wine and spirits division, and 300 Scottish and Newcastle pubs – should fuel that re-rating.

Continuing high interest rates in the UK could be a drag on profitability. But much of the majors' current debt has been raised outside the UK at lower rates; the level of interest cover generally suggests that there will be no problems *in servicing; and planned dis*posals and a strong cash flow should help companies such as GrandMet and Bass to reduce *gearing rapidly.*

The smaller, regional brewers may find the interest rate burden harder to bear. But *many have made plain that* they are prepared to stand short-term costs to secure the long-term advantages of this one-off chance to expand their estates. With perhaps some 11,000 pubs to be freed of the big brewers' ties, the regionals will have many opportunities to acquire new outlets for their beer brands.

The regionals with strong beer brands are already boosting their advertising spend and licking their lips in anticipation. West Country brewer, Devenish, already pushing its Newquay Steam beers nationally, aims to buy 400 to 600 *pubs, more than doubling the* size of pub estate. Wolverhampton & Dudley's Banks Bitter is another potential ben*eficiary of the changing* pub scene, as are Marston's Pedigree, Whitbread's recently-acquired Boddington's, Greene *King's ales and other* regional brands.

Though the effect of the squeeze on consumer spending has been showing up here and there, it has had not yet had a marked impact on sales of beer, wines, spirits and soft drinks or on eating-out habits.

Most expect things to get tougher through Christmas and into the New Year; but few are too gloomy. Even the pessimism of Wolverhampton & Dudley's David Thompson who says the next 12 months "does not hold out much cheer" is offset by the company's guarantee of at least a 10 per cent *increase in the dividend.*

Sir Derrick Holden-Brown, Allied-Lyons chairman, says business will be affected "but *we expect further satisfactory* profits growth." Whitbread's Peter Jarvis says sales have been encouraging; GrandMet's *Allen Sheppard says its global* strength will see it through any UK market problems.

Like GrandMet, Bass and Allied-Lyons, too, have been diversifying and expanding internationally to reduce their exposure to UK consumer spending. Bass, the country's biggest brewer, looks particularly well placed with its leading brands in the UK and its hotel acquisitions in North America. The UK accounts for some 55 per cent of the majors' combined operating profits, and it is still declining.

Several of the regional brewers have also been reducing *their dependence on the pub* trade. Vaux is moving successfully into nursing homes as well as hotels. Scottish & Newcastle *has pushed* on from Pontins holiday camps into Center-Parcs in Europe.

The MMC report has been a *catalyst for change.* Fear about the damage it might inflict was the major factor inhibiting the industry's market performance ahead of its publication. But by forcing brewers to face commercial realities, to make a realistic review and analysis of operations, it has encouraged a much sharper awareness of the opportunities that the loosening of the tied-house system is opening up.

Investors, and the market, are now beginning to appreciate them as well.

Philip Rawstorne

FINANCE & THE FAMILY

Clare Pearson looks at the latest privatisation issue and concludes that a rush to sell might not be the best idea

Water: those who wait could profit the most

LOOKING at the sparkling stock market debut of the water companies this week, some people may feel the best Christmas present Santa could bring them would be a stocking full of profits on the shares. However, like many another wished-for gift, this is not likely to arrive. Given the number of greatly scaled-down applications for the 5.7-times subscribed offer for sale, few investors are looking at significant profits on selling their shares.

The proportion of shareholders who have the option of selling before Christmas, taking advantage of early premiums which yesterday stood at around 45p on the 100p partly-paid price, is also very small. With some exceptions, intermediaries are not prepared to deal for individuals without the backing of their share certificates unless they are established clients.

Investors have not yet received these certificates. The registrars are confident that, under special posting arrangements, all of them, together with refund cheques, should be sent out by Wednesday. Only the fleet-of-foot will be able to use them to sell shares before the weekend. However, any frustrated "stag" cursing his decision to put money into the water flotation in the first place should pause a moment.

It might be some comfort to know that, since the first settlement date is January 11, even those people who do manage to sell their holdings before Christmas will not actually have their profits in hand until well into 1990. And you should find it even more cheering to take a look at the accompanying table, which shows just how far from the truth is the popular idea that you are bound to miss out on the big gains by not selling your privatisation shares immediately.

If you take into account other issues, such as that for Amersham in 1982 and Associated British Ports the following year, the picture looks even brighter. Howard Hyman, director of privatisation services at Price Waterhouse, says: "On the whole, you haven't lost by waiting; in fact, you've done better."

Although present premiums on water share prices may appear glamorous, they have not been raising many eyebrows in the City this week. Remember, part-payments make them look bigger than they really are: 45p on the part-paid shares actually represents a premium of only 19 per cent on the fully-paid price of 240p.

There is no reason on fundamental grounds for the shares to fall below present levels, according to Lakis Athanasiou, an analyst at stockbroker Phillips & Drew. "I think the institutions are not bidding the shares up to silly levels to get hold of stock at the moment, and that should provide support into the new year," he says.

There is, of course, the question of whether the stock market as a whole might take a down-turn. Broadly, if that happens the water companies should out-perform because their fortunes are not linked to the general state of the economy. They are, however, seen as more vulnerable than most other equities to any development that might seem to increase the chances of a Labour government being elected.

All in all, would-be stags compelled to delay their share sales until next month need not agonise. There seems at least a sporting chance they will actually out-do their faster-moving peers.

On the other hand, you might decide – bearing in mind the dealing costs that will have to be carved out of your profit – that you would rather hold on to your shares for a while. Making such a decision is a complicated matter, but consider the following situation.

You qualified for customer incentives and opted to receive cash discounts off the second and third payment instalments on the share price. You decide to hold your shares through to the second call next July and long enough to qualify for the first dividend, which is paid on October 1.

On this time-scale, you will have gained 10p off the next instalment plus the dividend, which averages-out at 10.5p net for the 10 companies, adding-up to 20.5p (assuming no change in the share price). Set this against how you might have been placed by early October if you had sold your shares next month.

Assume you would get 13.5 per cent gross interest on the money you put back in the bank or building society after selling your shares at, say, 140p. This rate of interest, would be subject to deduction of tax, but it would take only a relatively modest fall in the market price of the fully-paid water company share to wipe out the difference in the return.

Looked-at in this way, private investors may decide they would rather sell early. On the other hand, now that their launch is out of the way, watching what the water companies make of their stock market quotations could be a lot more entertaining.

THE WATER SHARE OFFERS

Examples of allocation amounts

Applications for ...	500 Shares		1,000 Shares		3,000 Shares	
	Customers	Others	Customers	Others	Customers	Others
Anglian	500	500	840	540	1,100	720
Northumbrian	200	100	200	100	200	150
North West	500	500	1,000	800	2,100	1,500
Severn Trent	500	500	900	620	1,200	740
Southern	340	220	420	260	560	380
South West	500	480	900	540	1,150	680
Thames	260	160	300	200	460	340
Welsh	500	500	900	620	1,200	720
Wessex	320	180	360	220	520	340
Yorkshire	500	380	840	450	960	640

PRIVATISATION: THE FIRST WEEKS OF TRADING

Date	Industry	Premium to partly-paid offer price (after one day)	(after one month)
1989	Water (average)	45 per cent	?
1988	British Steel	4 per cent	2 per cent
1987	British Petroleum‡	-29 per cent	-42 per cent
1987	BAA	37 per cent	32 per cent
1987	Rolls-Royce	68 per cent	41 per cent
1987	British Airways	68 per cent	82 per cent
1986	British Gas	23 per cent	32 per cent
1984	British Telecom	86 per cent	113 per cent
1984	Enterprise Oil	unchanged	- 4 per cent
1982*	Britoil	-19 per cent	-35 per cent

‡ BP shares were already quoted; Bank of England put a "floor" under the partly-paid shares following the October 1987 market crash * First issue Source: Price Waterhouse

Many investors are having second thoughts about their plans, says **John Edwards**

Shares shortfall drains PEP options

THE SHARP cutback in allocation of water shares, as a result of the big oversubscription, is likely to cause problems for investors wanting to transfer their shares into a personal equity plan (PEP).

Many of the self-select PEP schemes have set minimum amounts of shares that they are prepared to accept for transfer, and in some cases the allocation given will fall well short.

There are various alternatives available if this happens. For example, the Bank of Scotland is allowing investors to "top up" with cash if their share allocation fails to reach the £2,000 minimum it requires.

However, some plan managers are reluctant to allow this; they may either refuse to take less than the minimum or insist on shares being bought in the market to make up the shortfall.

At the same time most schemes have basic charges that can make the transfer of a small number of shares very expensive.

As a result of the reduced allocations, many investors who were planning to "PEP" their water shares in order to get any capital gain or income free of tax are having second thoughts, particularly as it is a complicated procedure and there is only limited time. New issue shares have to be transferred into a PEP within 30 days of the allocation date (December 11 in the case of water privatisation) and getting the paperwork together in this period, which includes the Christmas and New Year holidays, may prove difficult.

Meanwhile, PEP managers are busily pointing out that next Friday (December 22) is the practical deadline for taking out an "old style" (1989) PEP. This is because investors have to be given a seven-day "cooling off" period.

It is the last chance to invest the maximum of £7,800 by taking out both an old-style and new-style PEP. Under the old PEP regulations in force before the changes announced in this year's Budget, you are allowed to invest up to £3,000, of which £750 can be put into an investment or unit trust. Alternatively, you can, up to the end of the year, keep it in cash earning interest free of tax. But you cannot take out an old-style PEP if you have already taken out a new plan.

From December 31 the old PEPs will be rolled up into the new plans and become subject to the new regulations. One change is that you can hold cash indefinitely in a new PEP, but it is subject to deduction of composite rate tax (currently 21.75 per cent but rising to 22 per cent in April) from the interest.

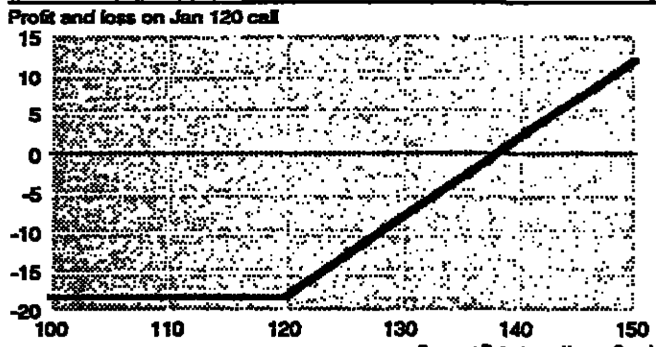
The Inland Revenue has just told PEP managers that small amounts of interest (not exceeding £500 a year) will not be subject to higher rate tax and investors will not need to report such interest on their tax returns. But the assumption is that above £500 there will be a liability to higher rate tax to avoid PEPs being used as a tax shelter by 40 per cent taxpayers.

The Revenue has made an important concession regarding the amount PEP investors can hold in overseas stocks. As a result of changes made in the last Budget, only those trusts with at least 75 per cent of their holdings in UK shares will be classed as qualifying investments in which up to £2,400 can be placed. If they do not qualify, then the maximum which investors may allocate to the fund is £750.

These restrictions do not apply until April, but it had been assumed that any non-qualifying investments would have to be brought into line after April. However, the Revenue has now said that it will not insist on existing holdings taken out before then having to comply with the 75 per cent UK shares rule. This means that if you want to include an overseas content in your PEP, so that you are not too dependent on the UK stock market, you should act before April.

Thames Water option

Profit and loss on Jan 120 call



Sources: Datastream/James Capel

Peter Berlin visits a market where risks are a way of life

Keeping the options open

ON TUESDAY at 9 am, when dealings in water shares began, Thames Water chairman Roy Watts was in the visitors' gallery at the London Stock Exchange. This might appear odd because the stockbrokers abandoned the floor of the Exchange in favour of trading screens after the Big Bang in 1986, and two-thirds of it was deserted eerily as Watts looked on. Below the gallery, though, the south-east corner of the floor was a brightly coloured jabber of activity as the London Traded Options Market (LTOM) began dealing.

The LTOM, which is a division of the London Stock Exchange, is one of the last bastions of open-outcry trading in London. On Tuesday, the trading posts for such blue chips as Lonrho and Consolidated Goldfields were abandoned. A small group was gathered in the FT-SE Index pit, normally the most popular contract. But one pit was in a frenzy: the venue for the newly-launched Water Package (a composite of all 10 water companies) and Thames Water options.

The launch of the water issues clearly was a hit, not just in the stock market but also in the options market. But where the small investor had done well in the share allocations, the financial institutions made up the vast bulk of the players in options.

Options are a device for buying or selling risks. Shareholders can use them to insure against wild fluctuations in prices or to generate income from stable shares, which water issues are expected to be. All the options contracts traded on the LTOM, except for the FT-SE index and the Water Package, represent 1,000 shares in a single blue-chip company quoted on the stock market.

Investors can buy or sell "call" or "put" options at a variety of prices for delivery on a variety of dates. A call option gives the buyer a right to purchase the underlying shares at a fixed price at the agreed date. A put option gives the buyer of the contract the right to sell. Buying a contract places no obligation on the purchaser beyond paying the initial premium. But someone who "writes" an option must be prepared either to hand over the money or the shares if the market goes against him.

The Thames Water and Water Package options have been launched as restricted life contracts. This means they are on a two-month cycle, which ends in May, instead of the usual three-month cycle, so allowing the LTOM to assess the popularity of the contracts. If business is poor, it will not issue any more.

Investors can buy or write options to fall due in January, March or May. The premium they must pay reflects the market's calculation of the likely future price of the underlying shares by the month quoted.

Richard Royden, an options account executive at James Capel, says his firm likes investors to have a minimum of £20,000 on account, while individual trades should be worth a minimum of £2,500 to make them worth-while to both sides. James Butcher, of Sheppards, says the charges involved mean investors who want to write call options should do so against a minimum of £7,000 worth of stock. He adds that options should be used by investors with portfolios of £25,000 or more, with a core holding of alpha stocks. The LTOM itself estimates that the minimum investors need to do business is £10,000.

Private investors attracted to the water options can use them in several basic ways. They could buy "call" options to get hold of shares at a future date, perhaps because they do not have the cash to buy them now. (When interest rates are high, buying an option might be cheaper than borrowing). They might want to write options against shares they already own to defray the cost of buying the shares, or because they plan to sell the shares before the second payment becomes due, or as insurance against a fall in share price.

A conservative investor who wants to buy Thames Water next month, but is afraid the price will fall, might choose to buy a January 120 call (that is, an option to buy 1,000 shares at the end of January for 120p). The premium is quite high at 18p a share because 120 is "in the money" – or below the present market price (136p at lunch-time yesterday). Options at higher price levels are available at lower premiums.

The investor will have to pay the full 120p to take delivery of the stock so the price has to move above 138p to realise a profit, without even taking dealing costs into account. If the shares stand at 150p at the end of January, the investor has two choices: buy them at below the market price or sell-on the option for 30p, which would yield a much higher profit in percentage terms than simply buying the shares in the first place with much lower carrying costs.

Options dealers argue that an investor who buys call options just before the share price collapses is much better off than one who buys the underlying shares. If Thames drops to 100p by January, someone who has bought at 138p loses 38p a share while the purchaser of the 120 call at 18p loses 18p a share. But while the share-owner might have lost about a third of the investment, at least he still retains a share – whereas the option-buyer has lost 100 per cent.

An investor who already owned the Thames shares could write a 120 call option at 18p a share. If the share fails to perform, he or she will earn 18p in a month. If the share falls, the call writer is protected down to 118p (the present market price less the 18p). The down-side is that if the stock rises by more than 18p, the investor will just have to hand over the shares for less than the market price.

Butcher believes the Water Package will prove less attractive to the private investor because of the size of the underlying holding needed to write options, and because it is likely to be a highly technical market.

Just before the water flotation, the LTOM intensified its advertising campaign aimed at private investors. It has published a booklet giving a list of brokers and prices for those interested in the options market.

■ *Guide to Traded Options. International Stock Exchange, Old Broad Street, London EC2N 1HP (or telephone the LTOM hotline on 01-628-1054).*

Terry Dodsworth examines the public's attitude to wider share ownership

Investors who take the money and run

WATER privatisation has proved once again that people who don't own shares can be persuaded to buy them with a barrage of expensive promotion and a bargain basement price. To what degree, though, has this newly-awakened interest in the stock market deepened the public's underlying involvement in share-dealing?

Figures published this week in the General Household Survey highlight the extent to which the Government's de-nationalisation programme has expanded the UK shareholding base. In 1984, when British Telecom was privatised, only 7 per cent of adults in the UK owned shares. By 1987, when the survey was completed, 21 per cent did – the equivalent of just over 9m individual shareholders aged over 16.

According to more recent joint Stock Exchange and Treasury surveys, the position remained virtually static in 1988, probably influenced by the share price slump in October 1987. But the exchange estimates that a further 2.5m to 3m shareholders have been created by the Abbey National flotation and expects another boost from water.

The same studies indicate, however, that genuine involvement in the stock market is not taking root very quickly among the majority of these new share-owners. Of the 12 per cent of adults owning shares in privatised companies, two-thirds had none outside the privatised sector.

The Stock Exchange study, published in March, emphasised further the restricted nature of these privatisation-based shareholdings: the number of people owning shares in only one company was around 56 per cent, a figure that might well have increased after the Abbey National and water flotations. Shareholders created by the trend towards employee share ownership appear to be equally dormant as stock market investors. Only just over a quarter of these owners have shares in companies other than the one for which they work.

The shareholder registers of established privatised groups also show that a significant part of the public interest in these companies dies down quickly after flotation. British Airways, floated in 1987 with 1.1m shareholders, now has 340,000 – a figure which has been relatively static over the past year. British Gas, launched with a massive register of 4.2m holders, has seen its list fall to 2.6m.

In other words, many investors take the profits offered by the Government's generous discounts and run. Both British Airways and British Gas have also shown that the idea of loyalty bonus shares for long-term investors has limited appeal to many holders, however attractive it might have looked at flotation.

Shareholders in each of these companies are due to receive bonus shares from the Government early in the New Year. In the case of British Gas, for example, holders who have kept their shares since the 1986 flotation will have the right to one free share for every 10 held, up to a maximum of 500.

This has turned out to be a much more financially rewarding option than the alternative bonus of gas vouchers exercised by many shareholders. If, for instance, an investor had bought 2,500 British Gas shares, he would have been eligible for total voucher payments of £250 over the past three years. The same initial purchase would have given the right to 250 bonus shares worth about £570 at present market prices. Yet, only 1.5m of the company's initial 4.2m shareholders will qualify for the bonus.

The Stock Exchange says that it recognises the narrowness of the investment activity of many of the new shareholders attracted into the market by privatisation. In seminars up and down the country, the exchange is preaching the virtues of shareholding diversification in an attempt to deepen the interest of these investors.

A similar point is made in a new survey of the private investor market by IFT Marketing Research. It says that the promotion of wider share ownership is creating a large number of shareholders "who are not really private investors in any active sense." According to IFT, more than 80 per cent of private shareholders have interests in a maximum of three companies. Arguing that these can hardly be profitable clients for stockbrokers and banks administering the holdings, IFT says there is little evidence that these investors are likely to become active participants in the stock market. "When asked what could be done to increase their share dealing, nearly half of these respondents could not come up with any suggestions."

IFT added that many of those surveyed said they did not have enough spare cash to take part more actively. This is, perhaps, the main issue in any attempt to create a more broadly-based shareholding community.

What comes through overwhelmingly in the General Household Survey is that private shareholders are based disproportionately in the fertile financial acres of the south-east, while a far higher number of professional and managerial people are drawn into ownership than people in manual or clerical jobs. Thirty per cent of share-owners live in London and the outer metropolitan area, compared with 21 per cent of all British adults; and 49 per cent of professional men own shares against 9 per cent of unskilled male manual workers. About 90 per cent of private shareholders own their own home.

Money is the most clearly identifiable differentiator of all. The General Household Survey analysis of shareholding groups on the basis of income shows that the graph rises steadily and inexorably the wealthier people become. In the group earning more than £450 a week, 67 per cent of individuals own shares. This falls to 48 per cent among adults earning £300 to £350 a week, and just over 20 per cent among those with incomes of £100 to £200 a week.

No figures are available on the frequency of share-dealing among any of these groups. But the overall impression of this latest batch of surveys is that the majority of the new shareholders created in the past decade are dormant investors. It will not be easy to stir them into activity.

Share-owners by gross weekly income

Persons aged 16 or over — Great Britain 1987

Percentage owning any shares

Fimbra falls to people power

PEOPLE POWER has triumphed at the Financial Intermediaries, Managers and Brokers Regulatory Organisation (Fimbra), the watchdog body responsible for independent financial advisers and smaller investment management companies.

The revolt by members over the issue of compulsory professional indemnity insurance to protect investors has brought about radical changes in the way Fimbra will operate in the future. It also led to the ousting of the Fimbra chairman, Lord Elton, though he himself insists that he is retiring next year of his own accord and would have done so in any event.

Fimbra had told all its members to buy the insurance (which provides cover against claims arising from the negligence of advisers, though not fraud) and to buy it from the same source. Fimbra's members did not mind the idea of insurance but baulked at being told where to buy it as many already had made their own arrangements. The common scheme was dropped, but too late to prevent a mutiny.

The Fimbra council ahead of the association's annual general meeting at Wembley in London on Wednesday announced a series of concessions designed to introduce greater democracy and member participation into the way it will make decisions.

First, a system will be established whereby Fimbra's Council and executive will fully consult with members on matters of "major importance." Lord Elton told the annual meeting that members' views would be taken fully into consideration in drawing up policy.

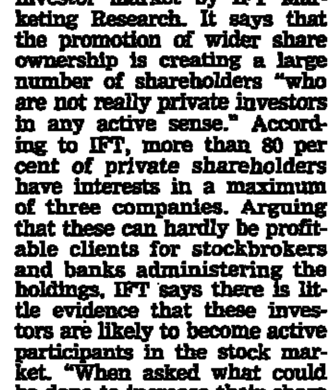
Second, Fimbra will improve its system of communication with members so that they are kept informed of developments. The problems experienced over the indemnity insurance decision were compounded by a lack of communication.

Third, Fimbra will review its operations to see where it can improve and streamline, a review that was inevitable anyway given the thoughts flooding out from the Securities and Investments Board and its chairman, David Walker.

This new spirit of glasnost is being put to the test immediately over the question of professional indemnity insurance. A committee to investigate the problem has already been set up, consisting of two representatives selected from the six trade associations, members drawn from the Council and underwriters.

The committee's report will first be considered by the Fimbra Council, which will then publish draft proposals for submission to the membership in the equivalent of a Parliamentary Green Paper.

Members' views will be sought on the draft proposals and these views will be taken into account in drawing up the final scheme.



Lord Elton: ousted

Finally, Fimbra has now appointed a practicing member, Ron Gee, who has his own IFA business in Shrewsbury, as a deputy chairman in addition to the existing deputy chairman, John Robertshaw of York Trust.

Various speakers at the agm pleaded with delegates that, having got their recriminations against Fimbra off their chest, they should put the events of the past few months behind them and make the financial services system work.

However, the new system will only work if members remember the following points.

■ Self-regulation does not mean that each member regulates himself. It means collective self-regulation acting as a single industry; this is particularly difficult because around half the 8,000 or so members belonging to six different trade associations and the other half pride themselves on being independent.

■ Fimbra is not a free agent. It has to operate within the terms of the 1986 Financial Services Act and under the watchful eye of the Securities and Investment Board. While members may not like the Act, they cannot manipulate Fimbra's regulations merely to avoid aspects of the Act and SIB's rules which they do not like.

There have been widespread calls for Fimbra to be headed by a practitioner in the industry, not an outside layman like Lord Elton. But if this happens, it could turn out to be a mistake. The regulatory system is still changing and facing even more change, with pressures coming from within and from Europe.

In these circumstances, a chairman versed in the ways of political lobbying, such as Lord Elton, stands a far better chance of looking after the interests of Fimbra and its members than a practitioner who can handle professional indemnity insurance underwriters and brokers but not the bureaucrats in London and Brussels.

Eric Short

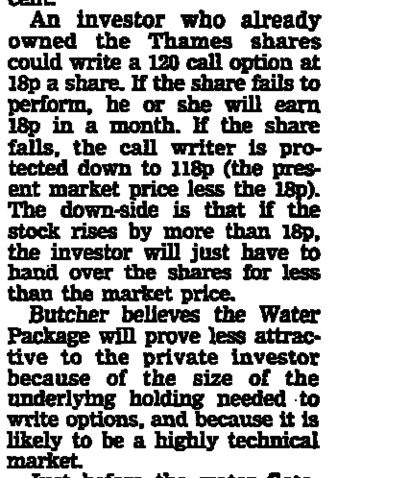
Framlington chairman

MARK ST GILES is to be new chairman of the Framlington investment group. He takes over on January 1 from Bill Stuttaford, who gave notice of his impending retirement from Framlington in September.

It was no secret that Stuttaford was finding it very difficult to continue as chairman of the group, which he helped to found, after losing a takeover battle to Throgmorton Trust, formerly an affiliated company.

However, St Giles will be in a different role from Stuttaford, who was a leading fund manager as well as being chairman. Under the new set-up at Framlington, St Giles will be a non-executive chairman and will thus retain his existing connections with a variety of other companies, including the chairmanship of Cadogan Management.

Apart from chairing board meetings, he will help with general strategy and future of the Framlington group. St Giles, who is 48, is already well known in the unit trust industry. He was managing director of GT Management for five years until 1988 after being with Allied Hambro from 1975 to 1983. He was also chairman of Fimbra (Financial Intermediaries Managers and Brokers Regulatory Association) from 1985 to 1987.



Mark St Giles

J.E.

Revenue raises tax on deposits

TAX ON building society and bank deposits is to go up next year for the first time since the banks were brought into the composite rate taxation system in 1985. The increase will be quite small: from 21.75 per cent at present to 22 per cent, or the equivalent of about £25 a year on an investment of £10,000. But it reflects a reversal of the trend in recent years when composite rate tax (CRT) has fallen in line with basic tax rates.

The Inland Revenue says the increase is due solely to the application of the mechanical formula for calculating the composite rate, so taxpayers should not jump to conclusions about the views of the new Chancellor on personal taxation.

CRT, first introduced for building societies in the 1890s, was designed to simplify tax collection. It aims to generate the same amount of overall tax that would have been gathered if individual investors holding the deposits had been taxed at the basic standard rate (now 25 per cent) for taxpayers or zero for non-taxpayers.

In effect, it means that non-taxpayers have to suffer a tax which they cannot recover (the composite rate levy cannot be reclaimed) while basic-rate payers are taxed at a lower level because of the subsidy they are receiving from investors who would not normally be paying tax.

The Revenue fixes the level of CRT each year following a survey of depositors in the building societies and banks. This determines the rate that is required to bring-in the target amount of tax; so, if basic rates are moving down, the composite tax in the following year should fall to take account of this trend. Indeed, the composite rate has dropped from 25.25 per cent in 1986-87 (reflecting the 30 per cent basic rate in 1985-86) to 21.75 per cent in 1989-90 following the cut in personal tax to a 25 per cent standard rate in 1988-89.

In the 1989 Budget, however, there was no further reduction in basic taxes and, with incomes going up, a number of former non-taxpayers have moved into the standard-rate tax bracket; hence the increase in CRT which must go up to accommodate the greater number of basic taxpayers holding deposits.

In principle, there is likely to be a reduction in the composite rate in the 1991-92 tax year following the introduction of independent taxation for married women from April. The new system is expected to increase the number of non-taxpayers, mainly because married couples' joint incomes will no longer be aggregated under the husband's name. So, if the number of non-taxpayers goes up, the composite rate should decline.

Meanwhile, it is difficult to predict the overall impact on depositors of next year's planned CRT increase. Clearly, it will be a factor in deciding interest rates, but the banks and building societies may choose to absorb some of the cost to help maintain the present level of returns for investors.

Terry Dodsworth

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	5.00	5.10	4.08	monthly	1	-	0-7
High interest cheque	7.00	7.20	5.76	monthly	1	500-4,999	0
High interest cheque	9.00	9.40	7.52	monthly	1	5,000-9,999	0
High interest cheque	9.20	9.60	7.68	monthly	1	10,000-49,999	0
High interest cheque	9.50	9.90	7.92	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	6.50	6.61	5.29	half-yearly	1	1-250,000	0
High interest access	8.50	8.50	6.80	yearly	1	500	0
High interest access	9.00	9.00	7.20	yearly	1	2,000	0
High interest access	9.50	9.50	7.60	yearly	1	5,000	0
High interest access	9.75	9.75	7.80	yearly	1	10,000	0
90-day	9.75	9.99	7.99	half yearly	1	500-9,999	90
90-day	10.25	10.51	8.40	half yearly	1	10,000-24,999	90
90-day	10.75	11.04	8.83	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	11.75	8.81	7.05	yearly	2	5-100,000	1 mth
Income bonds	12.50	9.93	7.94	monthly	2	2,000-100,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
*34th issue*Φ	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.96	11.53	9.22	monthly	1	2,500	0
Provincial Bank	11.05	11.59	9.27	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	12.89	10.54	9.27	half yearly	4	-	0
8pc Treasury 1992	12.20	10.09	8.82	half yearly	4	-	0
10.25pc Exchequer 1995	11.17	8.547	6.97	half yearly	4	-	0
3pc Treasury 1990	12.14	11.36	10.89	half yearly	4	-	0
3pc Treasury 1992	10.27	9.44	8.94	half yearly	4	-	0
Index-linked 2pc1992§§	9.62	9.11	8.80	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; Immediate access for balances over £5,000.Φ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 5.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

THE PENNYPINCHER children – Priscilla (ten), Penelope (nine) and Peregrine (six) – have been discussing what they would like for Christmas. They have raided every cupboard in the house in search of unwrapped presents – to no avail – and have been cruelly disappointed to discover that, instead of the things they asked for (Lego, Thundercat swords and computer games), their parents and grandparents have decided to provide presents of a distinctly financial nature.

However, before Mr and Mrs Pennypincher rush to open three boring building society accounts, the children compile a list of their financial requirements and the various options.

The main priority, they decide, is to go for an investment which pays interest gross. They also suggest that the investments should not be made by their parents directly. A child has a single person's tax allowance of £2,785, regardless of age. However, if the money is provided by a parent, any income is treated as the parent's income for tax purposes (a sobering thought for higher rate taxpayers) so it is a far better idea for doting grandparents/aunts/uncles, rather than the parents, to give the financial presents.

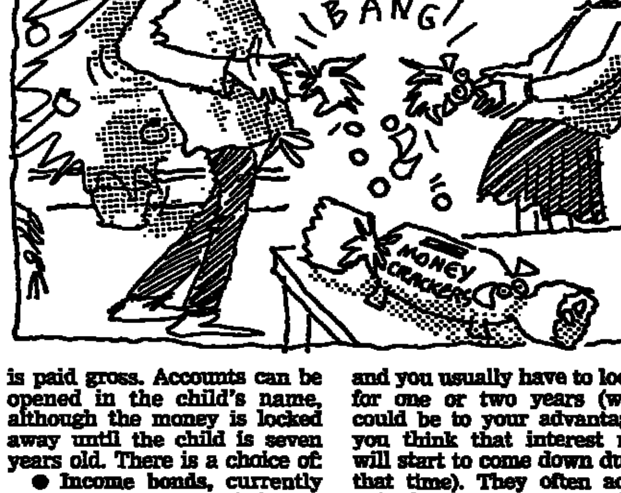
Peregrine wants to be able to dip into his funds for sweets, books and computer games. He considers a building society or bank account with instant access, but is put off by two things:

■ The fact that interest is paid net of composite rate tax (CRT) which cannot be claimed back by non-taxpayers, including children.

■ The stingy rates offered to children by many building societies and banks, apparently in the belief that younger savers are prepared to accept a low interest rate in exchange for various marketing gimmicks, such as back-packs, stickers and piggybanks.

Sara Webb has some Christmas ideas for children

How to make presents really interesting . . .



The Building Society Shop, which monitors rates, quotes the following figures (net) for accounts starting with just £1:

■ Bradford & Bingley Acorn Account – 6.75%;
■ Leeds Permanent Young Leader – 7%;
■ *Woolwich For Kids* – 6.75% (same as instant access);
■ Chelsea Kids Account – 10%;
■ Bank of Scotland – 7.82% on minimum balance;
■ Britannia – 8.5%.

Priscilla tells him he would be better off opening a bank account offshore – somewhere like Jersey, Guernsey or the Isle of Man. All of the large banks (including Abbey National) have offshore branches and, even though the Inland Revenue does not like these offshore accounts to be promoted in the UK, there is no reason why a child should not open one.

The only problem is that the minimum amount required may be quite high; for example, £500 for an Abbey National immediate access account which pays 12.5 per cent gross.

Penelope (a goody-goody in her brother's eyes) wants to save all her money and so is prepared to leave it untouched in an account for years on end. Priscilla tells her that for small or large amounts of money which she does not need to get her hands on in a hurry, she could choose between:

■ National Savings: Interest is paid gross. Accounts can be opened in the child's name, although the money is locked away until the child is seven years old. There is a choice of:

● Income bonds, currently paying 12.5%, minimum amount £2,000, three months' notice, monthly income paid gross;

● *Capital bonds*, 12% compound guaranteed over five years. Minimum £100, bonds repaid after five years; and

● Investment account, paying 11.75%, minimum of £5, one month's notice.

■ There are also the Retail Co-operative Societies, which offer favourable rates gross. They are not instant access and you usually have to lock-in for one or two years (which could be to your advantage if you think that interest rates will start to come down during that time). They often accept quite low minimum deposits.

Money Facts highlights the following retail co-operative societies: Anglia Regional, 14% fixed on £100 or more (tel: 0733-63151); Norwest, 13% fixed on a minimum of £10 (061 499-3322); North-Eastern, 14.5% on a minimum of £500 (091 477-0291).

For larger amounts of cash (say, a couple of thousand pounds), Priscilla tells Penelope that their father's stockbroker may be prepared to take the money in an "iceberg account" where interest is paid gross. Such accounts are technically only meant for short-term investment by clients, but some brokers are prepared to let their clients keep money on deposit and receive the interest gross.

■ If Penelope is prepared to take a more active interest in her investment, rather than just leave it in an account, she could put her money into gilts (government securities). Interest is paid gross and they can be bought from the National Savings Bonds and Stock Office. However, Priscilla warns her that, over the long term, a well-managed unit trust would probably outperform gilts.

■ Finally, Penelope considers buying a Friendly Society Bond, where the proceeds are paid tax-free. Even if her parents provide the money, the contract is her property, which means that she bears the tax liability. She can either pay a lump sum or make monthly/annual contributions.

Priscilla, who wants to invest a larger amount of money, decides to look at unit and investment trusts on the grounds that over the next 10 years her investment would have plenty of time to grow. She is well aware of the risks involved and points out that it is not a good idea for her parents to provide the money (a minimum of £250 is necessary) because of the tax liability.

She is also well aware of the marketing gimmicks favoured by those in the business. The MIM Britannia Rupert Children's Unit Trust is aimed at parents investing on behalf of their children and plugs the Rupert Bear image. It invests in "blue chips" and has a minimum investment of £50, which is lower than most other unit trusts. So far, it has invested about £3m, mostly on behalf of children up to the age of five. Investors get Rupert stickers and cards – but have to pay £5 for a Rupert scarf and £10 for a Rupert bear unless they invest £1,000 or more – which must make Rupert one of the world's most expensive bears.

Priscilla decides it is probably as lucrative to go for a general unit trust; for example, an international growth trust rather than a specialised unit trust which would require some active management.

Secretly, Peregrine decides that if anyone wants to give him a very large amount of money he would far rather have his own share portfolio, or a collection of gold coins (like the Canadian Mapleleaf, Chinese Panda or American Eagle). Although these are not the most economical way of buying gold, they are marginally more fun for a child than a dull old passbook.

Savers, on a small scale

THE Pennypinchers, like many children, are keen savers. A recent survey of children's savings by the Halifax Building Society found that:

■ Nearly all children receive money for birthdays and Christmas, and the majority decide to save all or some of it.

■ On average they receive £1.20 in pocket money per week (or £1.40 in Greater London). Only 9 per cent of those questioned receive more than £2, compared with 20 per cent last year.

■ The percentage of children receiving regular pocket money has decreased from 80 per cent in 1988 to 75 per cent last year, and it is spent mainly on sweets and toys.

■ *Children have long-term* savings aspirations. Girls tend to favour holidays, while boys prefer toys: 48 per cent of those surveyed said they saved for something special such as a holiday, toys or bicycle.

■ Windfalls tend to be saved rather than spent.

S.W.

THE WEEK AHEAD

Uncertainty for Berisford

EXCLUDING ANY unexpected developments, corporate activity will slow to a crawl next week. Corporate profit statements are unlikely to raise much excitement as most of the major industrial companies have already reported for the September half.

Berisford International, the sugar processing, commodities and property group, is one of the larger companies to report and is expected to announce pre-tax profits of between £110m and £115m, against £101.6m last time, for the year to end-September. However, considerable uncertainty over Berisford's property operations left analysts with only the roughest of estimates.

At the interim stage, there was a 23 per cent fall in the pre-tax line to £36.4m. This came after exceptional items of £14.2m which included provisions against redundancies in the dominant British Sugar subsidiary as well as property.

On Tuesday, NFC, the transport and distribution group largely owned by its employees, reports its first full-year results since going public in February. Among the moulds broken by the former National Freight Consortium over the last year has been the convention that quoted companies do not provide forecasts of their future profits. NFC has made a habit of offering a "best view" of its year-end figures and the group is looking for pre-tax profits of £89m for the 12 months to September 30. Analysts are not disputing that figure, although some think the group may exceed it by a couple of million.

This element of foreknowledge means the market could be in the strange position of reacting to NFC's best view of its 1989-90 final profits. Impressed by the way in which the company has reacted to difficult market conditions in its core businesses, observers believe Sir Peter Thompson, NFC's chairman, could be looking at as much as £115m before tax. However, between £105m and £110m seems more realistic in the current climate.

Yorkshire Television, one of the UK's "big five" commercial television companies, reports final results on Tuesday, with analysts looking for pre-tax profits of about £18.3m compared with £15.6m last time. The second half, however, is likely to have been flat as a result of the slowdown in advertising revenue growth. Analysts will be looking closely at the extent of the downturn and also at Yorkshire's share of the network's total, which is expected to have slipped from the 8.8 per cent recorded last time.

Attention will also focus on the group's response to the Government's Broadcasting Bill which has recently been presented to parliament and which will introduce a competitive bidding system into the allocation of franchises. Yorkshire is perceived as a relatively attractive franchise, particularly if a bidder may also apply for the neighbouring Tyne-Tees licence.

Peel Holdings, the property group controlled by John Whittaker, is expected to report pre-tax profits of about £9.5m and earnings of just over 8p when it gives its interim figures to September 30 on Monday. Peel has 23 per cent of the capital value of its portfolio in retail parks and 14 per cent in town centre retail sites, so the City will be keen to hear how it is faring.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Bardsey	61½	60	59½	14.04	Beckenham Grp.
Builder Grp.	340*	336	335	56.10	CEP Comms.
Coates Bros.‡	470*	494	477	301.55	Orkem
Dixons Grp.	120*	132	108	460.50	Kingfisher
Green (J.)	100*	101	93	6.75	Waco Grp.
Hestair	282*§	308	225	165.3	Adia
Higgs & Hill	407	433	302	137.8	Lovell (Y.J.)
Highland Pipnis‡	200*	195	155	72.60	Cornwall Tst.
Jaguar‡	850*	846	747	1.6bn	Ford
Leisure Inv.	37½	24	37	5.71	Transwood Earl
Monotype	150*	155	110	32.0	Polatplus
Morgan Grenfell	*550**	*541*	475	950.00	Deutsche Bank
Pearl Group‡	690*§	687	552	1.24bn	AMP
Rothmans Intl.	590Φ§	658	638	1.3bn	Richemont
Royal Sovereign	225§	214	155	12.27	Emess
Scandanavian Bk.	225*§	214	133	179.00	Scand'vian Inv.
TDS Circuits	10*	25	20	0.90	Teknecomp
Transrap‡	62	58	53	8.57	Sidlaw
UK Paper	330*	336	296	283.1	Metsa-Serla
Wade Potteries	180§	157	123	18.41	Beauford

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 15/12/89.†At suspension. §§Shares and cash.

ΦIn unlisted loan notes, maturing in 1994, in Rothmans Tobacco (Holdings).

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Acatos & Hutcheson	Monday	3.5	5.5	3.5
Appletree Holdings	Monday	1.1	2.65	1.1
Bankers Investment Trust	Thursday	0.42	0.889	0.55
Berisford International	Monday	1.8	11.0	1.8
British Sugar	Monday	-	-	-
Colorgen Inc.	Monday	-	-	-
Crown Communications Group	Monday	-	3.0	1.5
Doctus	Monday	0.5	1.5	0.65
Dwyer	Tuesday	1.0	2.0	1.5
Electronic Data Processing	Wednesday	0.66	1.725	0.7
Greenall Whitley	Tuesday●	2.75	4.5	3.3
Kelsey Industries	Friday	3.75	7.5	4.125
NFC	Tuesday	0.85	1.25©	1.2
Yorkshire Television Hldgs.	Tuesday	3.0	6.6	3.3
INTERIM DIVIDENDS				
Batleys	Wednesday	0.5	1.9	-
Braithwaite	Tuesday	1.0	5.5	-
Broadwell Land	Tuesday	1.38	3.64	-
Bromsgrove Industries	Monday	1.0	1.75	-
Electric & General Investment	Thursday	0.6	1.45	-
Faupel Trading Group	Tuesday	-	-	-
F&C Smaller Companies	Tuesday	0.4	0.9	-
Forminster	Friday	2.75	6.25	-
Harmony Leisure Group	Tuesday	-	0.188	-
Hughes Food Group	Wednesday	0.25	1.25	-
Northumbrian Fine Foods	Thursday	0.75	0.75	-
Peel Holdings	Monday	3.0	7.0	-
Southend Property Holdings	Monday	1.0	2.0	-
Tinsley Robor	Tuesday	0.75	1.35	-
Total Systems	Thursday	-	-	-
Union Square	Monday	0.4	0.8	-
West Trust	Tuesday	-	0.25	-
Westpool Investment Trust	Tuesday	0.35	1.65	-
Yorkshire Radio Network	Wednesday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.# 4th interim dividend.● Payment per LV ordinary share.© 2nd interim dividend.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Airtours	Sept	5,210	(4,070)	20.8	(17.5)	7.0	(6.25)
Anglia Secure	Sept	4,450 L	(8,408)	-	(31.1)	2.0	(4.0)
Associated Paper	Sept	1,880	(7,390)	6.8	(25.2)	6.75	(8.8)
Baggeridge Brick	Sept	9,720	(7,540)	15.9	(12.4)	3.125	(2.5)
Blick	Sept	5,380	(4,720)	18.6	(16.6)	6.6	(5.6)
Bradstock Group	Sept	6,170	(6,840)	14.2	(17.7)	7.5	(6.75)
Burns Anderson	Sept	4,600	(4,260)	8.8	(8.9)	4.45	(4.1)
Carlton Comms.	Sept	112,390	(49,130)	53.2	(40.9)	9.37	(7.5)
Carroll PJ & Co.	Sept#	1,700	(8,500)	2.0	(10.7)	8.2	(8.2)
Charterhall	Sept	40,900	(34,600)	-	(-)	-	(-)
Chemring Group	Sept	4,710	(4,262)	76.7	(69.2)	24.5	(21.5)
City Site Estate	Sept	6,940	(3,670)	32.9	(15.3)	1.6	(1.34)
Colonnade Dev.	Oct	288	(93)	4.68	(1.67)	3.2	(1.2♥)
Compass Group	Oct	23,300	(13,300)	24.7	(19.4)	9.0	(-)
Devenish JA	Sept	14,020	(11,500)	23.0	(20.2)	4.65	(3.55)
Edencorp Leisure	Oct	828	(213)	-	(-)	-	(-)
Electra Invests.	Sept	16,760	(9,690)	8.32	(4.49)	5.5	(4.8)
English China	Sept	150,600	(145,400)	44.9	(43.8)	19.6	(16.0)
Eurocopy	Sept	7,070	(3,410)	10.4	(6.22)	3.0	(0.8)
Granada Group	Sept	164,000	(142,609)	30.1	(28.1)	12.3	(11.2)
Holmes & Marsh.	Sept	7,670	(4,490)	30.2	(25.8)	7.5	(6.0)
Hoskyns Group	Oct	15,290	(9,510)	23.9	(16.1)	4.2	(2.9)
Johnson & Firth	Sept	10,220	(7,684)	5.2	(3.8)	2.6	(2.0)
Lee Arthur & Son	Sept	7,740	(6,030)	16.3	(12.6)	5.8	(4.25)
Polar Electronic	Sept	1,290	(939)	12.3	(9.9)	2.5	(-)
Richards	Sept	2,770	(2,450)	8.96	(8.4)	3.75	(3.5)
Shaftesbury	Sept	5,030	(5,870)	14.9	(25.9)	1.5	(1.0)
Sherilf Hldgs.	Sept	1,050	(778)	14.1	(12.4)	4.5	(-)
Speyhawk	Sept	23,280	(17,320)	59.5	(43.0)	14.0	(12.5)
Stakis	Oct	27,110	(24,480)	9.22	(7.53)	2.31	(1.95)
Teredo Petroleum	Sept	91	(110)	-	(-)	-	(-)
Thornton GW	Sept	1,420	(1,260)	13.7	(13.2)	4.75	(4.25)
Tilon Holdings	Sept	1,420	(1,370)	8.88	(8.47)	2.9	(2.6)
TMD Advertising	Aug	2,200	(1,220)	18.3	(13.7)	5.25	(3.0)
UK Land	Sept	5,640	(11,250)	82.5	(163)	14.5	(11.0)
Vaux Group	Sept	31,570	(26,200)	18.8	(18.0)	7.84	(6.53)
Venture Plant	Oct	1,580	(958)	8.3	(8.3)	3.25	(-)
Watson & Philip	Oct	3,750	(3,610)	16.9	(15.8)	10.1	(9.4)
Wolver. & Dudley	Oct	30,630	(26,670)	31.0	(26.9)	8.2	(7.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Airsprung	Sept	903	(1,260)	2.32	(2.32)
Authority Invs.	Oct	1,410 L	(1,680)	-	(3.25)
Ball AH	Sept	609	(670)	2.2	(-)
Berkeley Group	Oct	2,200	(12,730)	1.5	(1.5)
Borthwicks	Sept	1,640	(284)	0.5×	(0.5)
BSS Group	Sept	6,630	(5,620)	5.75	(5.0)
Builder Group	Sept	1,600	(1,040)	1.5	(1.2)
Bula Resources	June#	386	(61)	-	(-)
Bulmer HP	Oct	7,640	(6,367)	2.88	(2.68)
Charter Consolidated	Sept	38,500	(32,100)	6.5	(4.75)
Clarke Hooper	Oct	1,650	(863)	1.6	(1.45)
Coated Electrodes	Sept	110	(211)	-	(-)
Creighton Naturally	Sept	117	(746)	1.6	(1.6)
Dowty Group	Sept	37,000	(32,600)	3.5	(3.2)
Eliza Tinsley	Sept	548	(566)	1.8	(1.8)
ERF Holdings	Sept	3,740	(2,634)	4.0	(4.0)
Eve Group	Sept	2,300	(1,790)	2.5	(2.0)
Fine Art Development	Sept	4,030	(2,790)	2.3	(2.0)
Firth GM Holdings	Sept	2,030	(2,520)	2.25	(2.25)
Fleming Int'l High	Nov	807‡	(508‡)	0.65	(-)
Fuller Smith & Turn.	Sept	3,900	(3,400)	1.86	(1.55)
Gandalf Technologies	Oct●	105 L	(239 L)	-	(-)
Gold Greenless Trott	Oct	3,510	(2,455)	3.3	(3.0)
Halma	Sept	5,690	(5,094)	0.71	(0.54)
Harland Simon Group	Sept	1,720	(1,130)	1.5	(1.0)
Harris Philip Hldgs.	Sept	746	(446)	2.0	(2.0)
Hicking Pentecost	Sept	153	(415)	0.5	(0.5)
Hoskins Brewery	Sept	48	(3 L)	-	(-)
Hunter Saphir	Sept	2,320	(2,100)	1.35	(1.35)
Ivory & Sime	Oct	1,600	(1,560)	1.25	(1.25)
JLI Group	Sept	881	(867)	1.3	(1.17)
Learmonth & Burchett	Sept	513	(373)	0.8	(0.6)
London Securities	Sept	1,520	(1,140)	0.5	(-)
Lovell GF	Sept	127	(66 L)	2.0	(-)
Marling Industries	Sept	4,380	(3,500)	1.3	(1.2)
Melville Street Invs	Oct	512©	(240©)	1.0	(0.5)
M&G Second Dual Tst.	Nov	1,520§§	(1,290§§)	11.4	(9.64)
Mining & Allied Sup.	Sept†	727	(710)	-	(-)
NMC Group	Sept	5,390	(4,000)	1.25	(1.0)
Oceonics Group	Sept	1,010	(67)	-	(-)
Oglesby & Butler	Sept#	107	(214)	-	(-)
Optometrics Corp.	Sept#	125	(141)	-	(-)
Priest Benjamin	Sept	3,460	(3,280)	1.5	(1.5)
Racal Electronics	Oct	82,500	(82,400)	0.95	(0.73)
Racal Telecom	Oct	75,100	(30,600)	0.75	(-)
Ross Group	Sept	220 L	(150)	-	(-)
Scottish & Newcastle	Oct	87,400	(72,230)	4.42	(3.1)
Simms Food Group	Sept	3,300	(2,200)	2.64	(2.2)
Smith New Court	Oct	2,000	(2,500)	-	(1.5)
Stewart & Wight	Sept	106	(82)	-	(-)
3i Group	Sept	133,400	(119,100)	3.3	(3.0)
Triplex Lloyd	Sept	5,140	(2,830)	2.5	(1.75)
Turnbull Scott Hldgs	Sept	2,000	(714)	4.5	(2.15)
Waterglade Int'l.	Sept	3,130	(2,280)	1.95	(1.75)
Whitecroft	Sept	7,340	(6,017)	4.6	(4.1)
Yellowhammer	Sept	150 L	(911)	-	(1.0)

(Figures in parentheses are for the corresponding period.)

*Dividends are shown net pence per share, except where otherwise indicated. L = loss.# Irish punts & pence.‡ Net revenue.† Figures for a 9 month period.● 1st quarter figures.© Revenue before tax.♥ Payment for 7 months.# US dollars.§§ Gross revenue. × 2nd interim dividend.

RIGHTS ISSUES

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Chiltern Radio is to join the main market via a placing which will value the company at £12.74m.

FINANCE & THE FAMILY

Peter Berlin surveys the choice available to those who like being a member of the board

Games people play in the City

ONE OF THE great Christmas traditions is the family board game. Monopoly, the first mass-seller, took the property market as its model; this year, there are more business-based games than ever jostling for space beside the quizzes on the shelves. Some will make no more than a token appearance after the Queen's Christmas message but others are excellent and will test the most astute financial brain.

The most satisfying of the business games – indeed, the only ones that combine playing the stock market with running companies – are the 1829 railway series. The original 1829 (Hartland Trefoil £29.95) is based on the British railway-building era.

Players buy and sell shares in railway companies as they are floated, and build track through companies they control. The rules governing the building are simple but the strategic possibilities are complex and the game is as much about managing a portfolio as running a railway. But it has one crushing handicap: playing it takes from six to 10 hours, which limits its appeal to the average family.

A better buy is the second version, 1830 (Avalon Hill £20.50; prices of imported games vary with the exchange rate). Both ferocious and entertaining, it captures the cut and thrust of the old US robber barons by stepping up the pace, making the stock market more volatile, and allowing far more scope for financial dirty tricks.

The most recent edition is 1853 (Hartland Trefoil £39.95). Set in India, this is a stately game with the balance tipped towards railway-building.

Rail Baron (Avalon Hill £13) is an earlier US game based on the same period as 1830. It is simpler and quicker but not nearly as good.

Schoolteacher David Watts invented an elegantly simple railway-building system for his **Railway Rivals** (Rostherne £7.99, additional maps £1.99) and has applied it to practically every area of the world with a railway system. It is cheap and fun.

Most of the business games take the stock markets as their model. Mark Green, of Just Games*, says the top seller is **Stockmarket** (Jordan £19.95) which is designed prettily and works on the dubious premise that the UK market is driven entirely by news and operated by insider dealers. News cards are dealt at the start of a turn so that players know part of what is coming up and can guess what other people have from the way they trade.

The pick of the stock market games is **Shark** (Flying Turtle £14.95) a highly abstract Belgium concoction. The system is simple but allows for plenty of skill and a lot of cut and thrust. It also keeps share price movements in a sensible range (unlike practically all the other stock market games) and ties them to the "performance" of companies (represented by coloured tiles placed by the players on a grid).

Another strong continental game, **Borschensspell** (Ravensberger £20) from Germany, uses a similar card system to Stockmarket.

Insider Dealing (Fantasy £28.95) fails to deliver on its alluring title. There is little scope for skill and the high price seems explained largely by the (unnecessary) inclusion of a pocket calculator.

In **Poleconomy** (Spears £19.95), players vie for positions of political power which they exploit to move the stock market and enrich themselves generally. Unfortunately, for all its attractive packaging the game is little more than a gussied-up imitation of Monopoly.

Maxibourse (TSR £19.95) is quite bizarre. Players battle for famous multinationals on a large and ugly board designed to resemble a lump of lava. This is the only stock market game in which victory can go to anyone other than the richest player, and control of companies is important.

The odd aspect is the bidding system. Share prices are determined by the volume of demand retrospectively. This leads to a peculiarly ferocious type of Dutch auction when players try to sell shares – which can bring rapid bankruptcy. This one has brought even experienced gamers to blows.

Alan Harper

High stakes at the table – even if it is only a game

Three US games based on the stock market show a peculiar literal-mindedness and are obsessed with detail at the expense of feel and playability.

By far the worst is **Stocks and Bonds** (AH £13.50), an asinine game on an ugly and tacky board in which all share movements are determined randomly. The whole thing is cluttered with stock splits and margin trading, which makes for a lot of note-taking.

The same applies to **The Stock Market Game** (AH £16.50). Share prices are determined by a mixture of die rolls and the difference between buy and sell orders. The game also has a classroom version and a 1929 solitaire game so that you can recreate the joys of the Crash in your own living room.

The most interesting of the trio is **Stock Market Specialist** (Hansen £19.95), which is dubbed "the official game of the American Stock Exchange." Unfortunately, I have not managed to play it and nor has anyone else I know.

The problem is that the rules appear to have been written by the Amex regulatory committee. Still, it could prove excellent fun for the patient stockbroker.

The pick of the rest of the non-stock market games is **Acquire** (AH £20.50), a long-established US-designed affair in which players build-up competing hotel chains through coloured tiles on a board. Definitely a test of the steel nerves of any budding empire-builder.

For the would-be property developer there is, of course, **Monopoly** (Waddingtons £10-£12) which first brought board games into the home. It has spawned a thousand imitators.

One of them, **Spec** (Fantasy £25), takes residential development as its theme. Players buy different types of property and improve them to increase values. The game's mechanics fall apart when it comes to selling property – which makes Spec a realistic reflection of the real-life domestic property market.

Still, it is designed beautifully and players have 30 different packs of coloured cards with which to fiddle while they wait desperately for their properties to shift.

Business Strategy (AH £16.50) and **Schoko** (Schmidtspieler £24.95) are, at root, very similar games about running manufacturing industries. Players bid for raw materials, turn them into finished products and then try to sell them.

BS is American and comes with long, complex rules for tax rates, interest payments and so on involving the usual mass of paperwork. Schoko is cleaner, simpler and cleverer. And where the BS board is glum, Schoko is bright and colourful. Both games are first-rate, though, and the dry mechanics of BS do demand careful strategic planning.

McMulti (Hexagames £24.95) covers much the same ground with cheerful simplicity and provides jolly, chunky plastic drilling rigs and oil refineries.

Pit (Waddingtons £3.95) is a fast and furious card game based on the Chicago commodities trading pits. Purists prefer the US version by Parker Brothers; this has a larger pack which allows 10 players to bellow at each other simultaneously in what I'm assured is a highly accurate recreation of the open outcry system at its rowdiest. Perfect to clear the fug on Boxing Day.

Another card game, **Dolittle & Waite** (Inward Games £6.95), is based on US compensation law. It also owes a large debt to stud poker; some insist that makes it more realistic.

Ocean Trader (Clipper Games £19.95) is an entertaining family game in which players trade around the world. **The Business Game** (H. P. Gibson £13.95; known formerly as Mine a Million) covers similar ground.

Meanwhile, games' players around the UK are waiting eagerly for New York property tycoon Donald Trump's latest diversification. It's called **Trump The Game** (MB) and is due in the shops at any moment now.

**All these games are available from specialist toy shops or departments. Alternatively, Esdevium Games (185 Victoria Rd, Aldershot GU11 1JU) and Just Games, 71 Brewer St London W1R 3FB) both operate mail order services. Prices given above do not include p&p.*

Declaring a profit

SOME SHARES and unit trusts which I bought four and five years ago now show an increase in value of about £3,000. I would like to keep them but, as I expect to be utilising my capital gains tax allowance fully in future years due to another transaction, I would like to declare the capital gain in the present tax year.

What are the Revenue's requirements are for this? Do I actually have to sell and repurchase the shares and unit trusts, incurring commission charges, or is any other procedure acceptable? I do not have a stockbroker.

■ Bed-and-breakfasting (selling one day and buying back the following morning) is the simplest procedure and it might be the only practical solution, but it is not cheap. You must decide if the cost of b&b now is justified by the prospective saving in capital gains tax later.

In general, it is not a good idea to b&b gains until the last month or so of the tax year in case there is an unforeseen cash takeover of one of the companies in which you hold shares; this would produce an unexpected chargeable gain. In your case, however, this might not be much of a risk.

The fundamental principle of B&B is that there must be no arrangement between the parties on Day 1 (when the sale takes place) that the purchase will take place (on Day 2). This is quite easy to arrange on the Stock Exchange, of course, especially if you use the services of an agency broker (which will not be buying the shares from you itself). It is not so simple if you are in direct communication with the other party to the transaction: say, a unit trust management company or a security dealer.

The pitfall to watch is hidden in section 66(1) of the Capital Gains Tax Act 1979, in conjunction with section 27(1) of that act and paragraph 17(1)(a) of schedule 19 to the Finance Act 1985 (bearing in mind that the word "contract" in that context is not limited to legally binding contracts).

If you are caught by section 66(1), you will merely establish an allowable loss equal to your actual overnight loss between the bed sale and the breakfast purchase (or a chargeable gain equal to your actual gain if the prices fall substantially overnight and the total cost of the breakfast purchase is less than the net proceeds of the bed sale, of course).

Taxed on savings

REGARDING capital gains tax (CGT) on share option savings schemes. I have two which will expire shortly. One is over five years, the other over seven. Under both, the monthly payments are £50. In addition to the amounts subscribed, there is a number of months' interest bonus. If I sell my shares:

1. Is CGT payable?

2. If so, is the bonus months' interest excluded from any taxation?

3. How is index-linking applied over the savings period?

■ A free pamphlet on SAYE share option schemes is obtainable from your tax inspector's office: ask for IR38. You might also like to ask for pamphlet CGT13(1989) – The Indexation Allowance for Quoted Shares.

1. Yes.

2. Yes.

3. There is none, unfortunately, except on the cost of the original option (which was, presumably, very small). Indexation starts from the month in which the option is exercised, on the exercise price.

Sitting on the fence

I HAVE bought and moved into a semi-detached 50-year-old former council house. According to my deeds, I have responsibility for three of the four boundary fences: the front, back and semi-detached side. The house on the fourth side is still owned by the council and tenanted, but the fence on this side is in a deplorable state and has not been attended-to by the council for a great many years.

I wrote to the council pointing out its responsibility, to which it replied that it did not have sufficient funds and, anyway, considered the upkeep of boundary fencing to be of low priority. I am reluctant to pay for 120ft of new fencing which won't even be mine. Is there anything I can do to force the council to undertake its legal obligations?

■ It is unclear whether the council is, in fact, liable to you for the upkeep of the fence. If your deeds are silent about it, the council might well escape liability. Technically, you could claim the cost of repair if there is an obligation, but we think the council might well resile from its admission of liability.

Damaged by horses

A LOCAL stud farm keeps horses in a field adjacent to the house we bought recently. The dividing fence has been damaged by the horses as they tried to reach the long grass on our side. Before I carry out repairs, what can I can do to ensure that any future damage to the fence is not my responsibility. Also, whose responsibility is it to see that the horses do not damage the fence?

■ The owner of the horses will be liable for damage done by them if they stray and might also be liable if they damage your fence even though they do not stray. However, the former liability is limited to cases where there is no obligation in law for you to repair the fence: i.e., no contract or covenant between you and anyone (including the owner of the horses) imposing the obligation to fence, or maintain the fence, on you.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Valuation of property

ON THE question of reducing liability to inheritance tax, will the Revenue require an official valuation of a property upon the death of the first parent, and will the executors need a document conveying the property to a child and surviving parent as tenants in common?

■ Yes, the property will need to be valued at the date of death of the first to die of the tenants in common. There will be no need for a conveyance or transfer following that death.

Transfer of shares

You have said that the stamp duty exemption certificate on the back of the form for the transfer of shares must be completed correctly. There are 13 categories (A-M), although 'L' looks to be the most appropriate for a transfer of shares from husband to wife so that she can claim her new personal allowance for 1990-91.

■ Letter L is, indeed, the appropriate certificate.

You'll have to pay up

IN MAY, I bought a cottage as an investment. It is now being sold at a capital profit. I wish to re-invest the proceeds in another property when I find one. I have been given contradictory advice by my accountant and the local tax office. One says I am liable for capital gains tax; the other says I can get roll-over relief if I re-invest in another property. Who is right?

■ Unfortunately for you, the one who said you have an immediate CGT liability is correct.

Take care over asset transfers

JUDGING FROM the recent *Weekend FT* postbag, many readers are confused over the tax treatment when transferring assets to their spouses to take advantage of the new system of independent taxation for married couples due to come into effect from April.

In particular, readers were worried by the replies in Briefcase on December 2 to letters headlined "A wife's freedom to spend", "Transfer of shares" and "Using full allowance." Each reply dealt with a different aspect but all had a common theme: a warning to be careful when transferring assets to a spouse.

The Inland Revenue's leaflet on Independent Taxation (IR 80): A guide for Married Couples states specifically: "If you or your husband or wife hold in your joint names a bank or building society account, or shares, or property which you rent out, or any other property which provides income, you are treated as if you owned it in equal shares and each of you pays tax on half the income."

The leaflet was, however, published in March 1989 before the Budget and does not appear to take into account the inclusion in the 1989 Finance Act (under sections 108 and 109) of new provisions concerning the transfer of assets.

Essentially, these state that when a gift, or transfer of assets, is made by a spouse, there is no liability to capital gains tax at the time of the transfer.

But it must be established clearly that the gift *is* outright and that the spouse making it does not continue to receive any direct or indirect benefit. The recipient must be free to spend all the benefits without restriction.

It is difficult to prove that the recipient is the sole beneficiary when the proceeds are paid into a joint account with the original owner, who has power to withdraw funds.

Hence, our tax adviser suggests that a more cautious approach is to open a separate account, so establishing clearly that the recipient is obtaining the sole benefit.

The intention of the new provisions are quite logical in that they aim to prevent the transfer of assets being made in name only and used as a dodge to take advantage of the coming independent taxation system. Therefore, couples with existing joint holdings of assets are unlikely to be affected and will be treated for tax purposes as if they owned equal shares.

But those planning to transfer assets, or in the process of doing so, need to take a cautious line if they are to reap the independent taxation benefits.

John Edwards

MINDING YOUR OWN BUSINESS

A place in the country — with wine, warmth and wellies

Nicholas Lander discovers some of the charms of country house hotels — and the ingredients for successful management

WHAT IS YOUR image of the British countryside? Muddy gumboots by the back door, Aga cooking range in the kitchen and cold bedrooms? Or wonderful food and wine, warm rooms created by top designers, and a choice of polished wellingtons by the front door? If the latter, you will not be disappointed with the best of today's country house hotels.

This is a business which has grown with the motor car. In the 1940s there were only three, of very humble stature: the Bay Tree Inn at Burford, Oxfordshire, the Lygon Arms at Broadway, near Worcester, and the Sharrow Bay Hotel on Ullswater in Cumbria. When Peter Herbert joined their ranks with the purchase of Gravetye Manor, near East Grinstead, West Sussex, in 1957 (at a cost of £28,000 for the property and 30 acres on a very long lease), his friends thought he was mad — the journey from London was just too long, and its proximity to Gatwick airport of very little value then.

The actual term "country house hotel" has an equally modest origin. In 1952, when Brian Sack joined Francis Coulson at Sharrow Bay, they were too short of cash to advertise. So they put up a sign to attract passing trade — the Sharrow Bay Country House Hotel — and an industry was born.

During the 1960s and '70s it developed quickly, thanks to a much better road network and certain individuals who have developed into exceptional hoteliers. Among others, Grete Hobbs at Inverlochy Castle, near Fort William, Inverness-shire, Martin Skan at Chewton Glen, New Milton, Hampshire, Paul Henderson at Gidleigh Park, Chagford, Devon, and Tim Hart at Hambleton Hall, Oakham, Leicestershire, showed just what could be done with large houses that were cheap at the time.

There are now just under 200 country house hotels throughout Britain and three-quarters of today's more highly rated establishments in England alone have been opened over the past decade at a cost of approximately £180m. According to estate agent Knight Frank and Rutley, it is estimated there are plans for another 100 hotels and/or leisure complexes on various drawing boards.

Even before interest rates went up, though, how on earth could they make money? It is certainly not a profession you should dream about if you do not like meeting people and cannot put your guests at ease.

In an article in the 1986 *Good Hotel Guide*, Nigel Corbett — of the Summer Lodge at Evershot, Dorset — described an ideal country house hotel as one where "the customer forgets to ask for the bill because they feel they have been staying with friends, and the owner cannot mention the bill for fear of spoiling the illusion they have created."

There is, of course, the very real possibility of marital strain. Husband and wife are together not only from the initial stages of the hotel but, once operational, almost 24 hours a day. You also have to be able to look after your staff. The luxury and cossetted warmth that many customers want — an anti-stress environment, in fact — can be guaranteed only by high staff ratios.

What makes this even more difficult for some hotels is their *raison d'etre* — their seclusion — so that finding a pool of well-trained staff close by can be difficult, and holding on to them a fine art.

May to October is the season when the top hotels are full, but any week divides itself inconveniently into the very hectic Friday evening to Sunday afternoon followed by the far more leisurely Monday to Thursday.

Once open, the proprietor wants to instil into his staff the principles of hospitality and care that led him to open the place, but this is difficult if the number of guests can vary from 50 to five in 24 hours!

Paul and Kay Henderson at Gidleigh Park in Devon

Hart says that when he opened in 1980 — as a complete novice; his background is Westminster School, Cambridge and merchant banking — motivating the staff to find their rhythm and yet meet his standards was his hardest task. He feels it was much easier then, when the pressure was not so intense from the beginning, but it is still an expensive way to learn: he lost £67,000 of his own money in the first year.

What lures people into country house hotels? It is certainly not the profits. As an industry, it fits neatly the description once fixed to the California wine business industry : the only way to make a small fortune is to start with a large one. and the reasons are fairly straightforward.

Hotels offer two sources of revenue and profit: feeding the customers and offering them somewhere to sleep. But whatever the prices on the menu, no country house hotel restaurant makes a profit: time and again, I was told that if the restaurant had to stand on its own, it would not last long. Demand is inconsistent; often, they are too expensive for the local community; the staff ratio is too high; and the natural isolation of many of the hotels is a further disadvantage.

Profit lies in the bedrooms. Once built, they are cheap to maintain — but they tie up capital and, especially with the dramatic increase in building costs during the 1980s, eat up all the cash they generate. Today, the rule of thumb for a country house hotel is that a bedroom will cost £150,000 to build; thus, for a 30-bedroom hotel, you will need £4.5m.

This will provide all the public areas, dining room, kitchen etc but you will still have to buy the property. The figures tend to be much the same whether converting and existing property or building from scratch, although with the latter the price of the land must be added.

Today's leading hotels began on a much smaller financial footing when, for a variety of reasons — notably fashion and heating costs — big houses were a glut on the market. Chewton Glen cost £50,000 in 1968, Gidleigh Park £100,000 in 1977, Hambleton Hall £110,000 in 1979 and Homewood Park, near Bath, Avon, £125,000 as a private house of 14 bedrooms with one bathroom in 1980.

Once you have the house, you must be able to put up with the builders. During the past nine years, owner Stephen Ross has invested little short of £1m at Homewood Park via bankers, a small Business Expansion Scheme advance, and ploughing back every penny of profits. And while Hambleton Hall was renovated in one fell swoop in 1980 at a cost of £450,000, Paul Henderson has spent £800,000 on his property since February 1984.

He is the first to admit that this cannot be justified on any rational investment analysis; it's just that he and his wife would be embarrassed to be there and not offer the very best. Clipper Hotels recently paid £4.3m for Hunstrete House, near Bristol, Avon — a price that cannot be justified, either, unless you realise just what it would cost to build a new hotel without any reputation.

Lucknam Park country house hotel near Bath

Nor are you ever likely to see the back of your builders. Chewton Glen has had the same builders on its premises for the past 12 years, continually improving in the wake of Brigitta Skan's weekly tour. Their omnipresence reveals a fundamental principle — that the continuing success of nay hotel is due to the projection of the right image, and this makes creating the right impression on guests and potential guests vital. In 1985 Skan spent a mere £200,000 on a new drive, to make the approach to the hotel longer, more attractive and more rural-looking. It was not, however, something he could charge a penny more for on the room rate.

Because the hotel trade is so open — the room rate in every bedroom is on every menu — there has been extraordinary, if friendly, competition to offer the customer just that little bit more. Initially there was very little; in the 1960s, for example, few hotel rooms in the UK had their own bathrooms. It was the hoteliers themselves who raised the standards after going to see the competition on the continent. They came back depressed at the gulf between what was on offer there and here in the UK and convinced that they could never catch up, but they have now done so. It is this policy of offering the customer even more which has led to the rise of prices; in 1957 a single room with breakfast at Gravetye cost £2 — today there would be little change from £100.

Once standards were raised and there were more bedrooms to fill, the actual marketing of the hotels, and of the UK became important. Today the industry owes a great deal to the efforts of Douglas Barrington, Julian Payne and Martin Skan, who spent a large part of the 1970s spreading the good word in the US. Good reviews in *Gourmet* and the *New York Times* pushed Gidleigh Park above break-even in 1981; reviews in *Gourmet* and *Travel and Leisure* took Hambleton to that point in 1982 and today 20 per cent of their customers come from across the Atlantic.

Now that the dollar has weakened against sterling the emphasis is on the domestic market and the rest of Europe. According to Martin Skan, marketeer *par excellence*, there is a fundamental difference between American and English guests: while the former do not come back they do tell all their friends, the latter come back but tell no-one.

There are many attractions to the life of a country house hotelier. Any interest in food, wine, decor, travel or simply meeting people will quickly be repaid. This accounts for the wide variety of backgrounds from which today's hoteliers come — Henderson ex-McKenzies, Payton from Chicago, Herbert from the Royal College of Music, and Skan, who sold his shares in Cavenham Foods because he did not believe in 1966 that his then MD, Sir James Goldsmith, would succeed.

Whatever the rewards the stakes have become very much higher. It is unlikely that small hotels of 10 to 15 bedrooms will any longer provide the revenue to cover running costs and repayments. To add just four new bedrooms to the existing 14 Gravetye Manor is for the first time borrowing £1.2m. Yet even with its reputation and one of the highest occupancy rates in the country, Herbert is not very happy about the timing of this investment in view of the prevailing economic climate.

Larger hotels of say 20 to 30 bedrooms, although they will provide the revenue, will need far more capital and management. Marketing during the quiet period, November to April, will be crucial and will necessitate opening the hotel for conference purposes, Monday to Thursday most weeks. This will mean the provision of expensive leisure facilities — swimming pool, tennis courts, golf course — which have to be fully operational and staffed but which the customer may choose not to use. Lucknam Park, near Bath, which cost £4m and took the unlikely combination of Creditanstaldt, the Austrian bank, and Speyhawk, the property group, to get off the ground, spent £750,000 on its leisure complex (although it has managed to finance that through 400 local members).

Still interested in running a country house hotel? First, find the right property in a beautiful, unspoilt area but close enough to a conurbation that will provide not only staff but also enough diners to fill the restaurant in the quiet winter months. Then you will need enough money to see the project through its inception and its first years of trading losses (the early country house hotels experienced losses for three years, on average; this could now rise to five with higher interest charges).

You will also need patience, luck and most of all vision. In the words of Robin Buchanan-Smith, proprietor since 1973 of the Isle of Eriskay Hotel on the west coast of Scotland: "If we didn't have a dream it would not be worth going on — and I suspect that we still have 10 to 15 years to go . . ."

MOTORING/GARDENING

A future for current models?

***Stuart Marshall** suggests that electric cars could be the urban runabouts of the 21st century*

CUTTING the level of tax so that unleaded petrol retails for at least 10p a gallon (2.2p a litre, if you must) less than leaded premium has done wonders for its sales in the UK. At the beginning of the year, only 2m – or a little over 10 per cent – of Britain's 19.2m cars were running on unleaded. Now, according to the latest Automobile Association survey, the figure is 29 per cent.

So far, so good. The figure will continue to rise as more new cars, virtually all of which run on unleaded, come onto the road and the premium-only oldies are pensioned off. By itself, though, removing the lead from exhaust emissions is nothing about which to get over-excited. It is a positive move, but only an interim step toward the much bigger clean-up that will come from the general use of catalytic converters on new cars from 1992.

Even this will be no panacea. Admittedly, the engines of catalyser cars will not be pumping out so much potentially lethal carbon monoxide gas, unburned hydro-carbons and oxides of nitrogen. But the amounts of carbon dioxide released into the atmosphere will increase.

Once, this was thought harmless because it is not poisonous to breathe. Now, it is blamed for the greenhouse effect which is said to be changing the climate and, if the pundits are right, could start melting the ice-caps and raising sea levels dangerously within a half-century.

People are beginning to ask if cars *have* to run on petrol. The answer, of course, is no. It is just that no-one has yet come up with anything better – for the mass market at any rate.

Diesel-engined cars are one option. In Britain, they now account for more than 5 per cent of registrations although this is small beer compared with France, where 30 per cent of all new cars are diesels and unleaded petrol sales are a miserable 8 per cent. Broadly, the poisonous emissions from a well-maintained car diesel engine are no greater than those from a petrol engine with a catalytic converter. As a bonus, a diesel gives off less carbon dioxide. Its greater efficiency means it burns less fossil fuel to produce the same amount of work.

The choice does not end there. Alcohol-type fuels of various kinds work perfectly well in internal combustion engines which have been modified to some extent. Liquid petroleum gas (LPG) is used widely as motor fuel where it is available freely as an oil industry by-product – in Holland, for example. It is a good "green" fuel because the exhaust gases are less polluting than those from petrol engines.

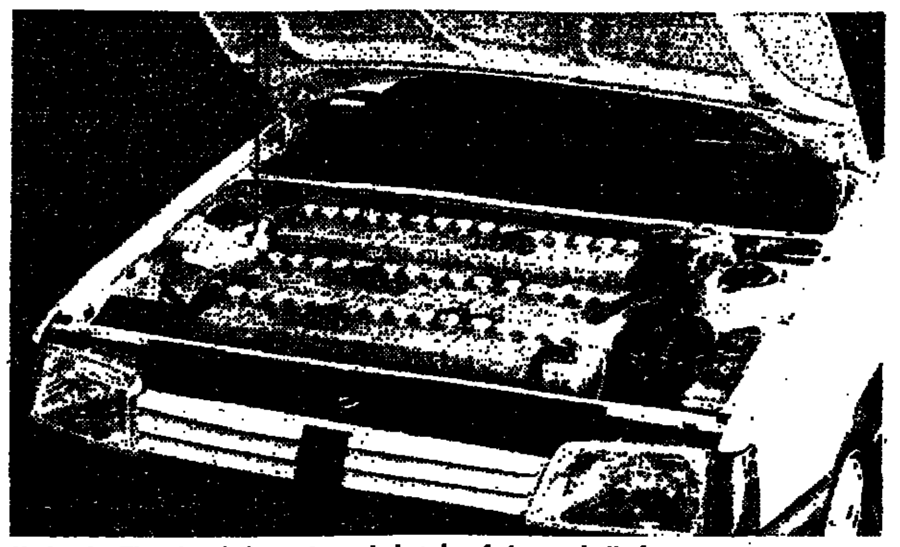
There are, however, snags with most of these fuels. Alcohol has a much lower calorific value than petrol, so more has to be burned to get the same amount of useful energy. LPG must be stored in strong, pressure-resisting containers which take up a lot of room in a car's boot.

Environmentalists dream of cars that are non-polluting and almost silent; cars with 13-amp sockets instead of petrol filler caps. You have only to plug them into the electricity supply at night to prepare them for the following day's driving.

Well, they exist. There have been (and still are) lots of them, but they all have one enormous drawback: they don't go very far or fast. The more quickly you drive them, or the more often you have to accelerate from a standstill to their modest cruising speed, the shorter distance they will run.

The battery is their Achilles' heel. There are no real options to the conventional lead-acid accumulator (like a car's starter battery) or a costlier alkaline traction battery. Other kinds are under development but, for now, they are just too expensive to be viable.

Around 60 kilometres' range at a steady 60 kmh (say, a little under 40 miles at about 35 mph) has, roughly, been par for the electric car course for some years. A few with fancy experimental batteries can double the distance or speed, but not both.



Under the Electrique's bonnet: serried ranks of storage batteries

Britain leads the world in electric vehicle usage with about 35,000 of them on the road (most, I swear, in front of me when I am in a hurry). The great majority of them are milk floats. Charged fully, they leave their depots before dawn, going quite well. It is a different story later in the day when, batteries half discharged, they creep back to base – dragging their tails of fuming motorists behind them.

Yet, the onward march of environmentalism is accelerating and irresistable. Few would deny the need for reduced atomspheric pollution. The electric car, for all its limitations, has to be seen as the most likely urban personal transport vehicle of the future.

Indeed, vehicles with internal combustion engines will be banned altogether from many conurbations by the end of this century. Among the first could be Los Angeles and San Francisco, where the move to fit cars with catalytic converters began after the link between vehicle exhausts and smog was established well over 20 years ago.

Widespread use of electric cars would, unquestionably, make urban environments quieter, more civilised and cleaner. But we must not forget – as some environmentalists do – that a battery is not an energy source. It is merely a very heavy (and not very efficient) means of storing energy that has been generated elsewhere.

That generation (unless it takes place in a nuclear power station or hydro-electric plant) involves burning fossil fuel of some kind, which makes its own contribution to chemical pollution of the atmosphere as well as releasing carbon dioxide.

Yes, I know all about solar power and wind generators. Their proponents (and the producers of those doom-laden TV programmes about how the motor car is destroying the world single-handedly) forget that the sun doesn't always shine where you need electricity most. And that ranks of huge, power-generating windmills would cause environmental problems of their own.

All of which is more philosophical than practical. What you probably want to know is how an electric car goes. I have tried several of them over the years and they make adequate urban runabouts if you are not in a hurry, don't have far to go, and are prepared to pay twice as much for one as you would for a fossil-fuelled car of incomparably higher performance.

The latest to come my way was a Peugeot 205, converted to battery power. From the outside, it looked like any other petrol- or diesel-engined 205. The interior was no different, either, because Peugeot puts the nine big batteries, the electric motor and control gear under the bonnet. In some earlier conversions, passenger and luggage space had to be sacrificed to make room for the heavy, bulky batteries.

You have two pedals in the Electrique 205, one to make it go, the other to make it stop. There are no gears; just a forward or reverse selector.

I drove it on hilly roads in Touraine. Although it went best downhill, it climbed quite strongly and accelerated well on level ground, whining softly like a milk float as it did so. The mass of batteries up front made the steering heavy when parking but it seemed a practical sort of short-range runabout.

Peugeot says it has a top speed of 100 kmh (62 mph) and a range of 100 km (62 miles) in ideal conditions. Translated, this means that if you insist on driving it at 100 kmh, don't expect it to run for anything like 100 km before it needs re-charging.

This is much better than earlier electric cars because the Peugeot has re-generative braking. When you lift your foot off the accelerator, the car starts to drive the motor, which feeds electricity back into the battery.

You cannot buy one at present, although Peugeot hopes to sell a fleet of them to Electricite de France. It would, however, certainly cost far more than a petrol or diesel 205 because far fewer would be made. Although prime fuel costs would be less (electricity, after all, isn't taxed), the cost of replacing the pack of eight batteries would be very high – posibly, well over £1,000 every four years.

Electric cars can never match those with petrol or diesel engines because batteries weighing half a ton store only as much energy as a few litres of fuel. Legislative help will be essential to encourage their use. One idea might be a ban on all other kinds of vehicle in areas reserved for electric cars. Another would be to allow users to park on yellow lines where normal cars get towed away or clamped.

In Britain, owners haven't had to pay any road tax on electric cars for several years but you still don't see many of them around. If other car-makers follow Peugeot, however; if legal incentives increase; and if the Greens flex their muscles, it will be a different story as we enter the 21st century.

Joan Clifton in her London nursery where cacti range up to £300 and gardenias are snapped up for £150 Alan Harper

Forget the black economy

***Robin Lane Fox** discovers that the green one is every bit as profitable*

MY EYES are still spinning like cash registers. Here I am in the bright lights of the city, the man who likes writing about regale lilies from seed at 65p a packet, dozens of self-sewn foxgloves for nothing, and violas which will split into hundreds for an initial cost of £1.50 a plant.

But how many *Londoners* care? I have just seen forget-me-nots at 50p a plant and paper-white narcissi at £3.25 for three, while scented white jasmine, 3ft high, is beckoning in bud at £37.50. Bring me my spade, bring me my barrow of desire: there are 10 days left in which to loot a green and pleasant garden, pack it into the car boot and flog it all in London, where gardening shades into decorating and the green economy is tinged with the purples of a £20 note.

Townspeople will pay anything for the best; or, at least, they will in the smartest garden centres. In London, none is smarter or better established than Clifton Nurseries in Maida Vale, W9, where cacti range up to £300 and, only last week, gardenias were being grabbed for £150.

Business, Joan Clifton assures me, is up vastly on last year's season: the green economy is as irrepressible as the black. In just 30 minutes, she sold three of her best citrus trees to different buyers for £65 each at £65; hundreds of pink and white poinsettias are turning over daily; and the "specials" up to £250 usually are gone within a fortnight.

Hand-picked in Belgium, the best is recycled through Clifton into London drawing rooms. Only the tropical Manila palm is proving slow to move despite its noble pair of trunks and exceptional size. At £2,000, it is looking for a bold, jungly buyer.

Who are the buyers of everything else? Celebrities, embassies, businesses – all of them need greenery quickly and are not exactly waiting for the *Weekend FT*'s latest word on raising delphiniums from seed.

Impulse-buyers love the place, and what sets their impulses pulsing is that dynamo of display, the dinner party. Without the proper house plants, you do not keep up with the hostess of last week.

Plants help contacts to come out of their shell; business goes better with a big bougainvillea. Joan Clifton has the house-plant for the diplomatic evening (aloes at £35), tropical green vines that grow 2ft a day if you need to cover up quickly, and huge trunks of Ficus benjamina at a sculptural £300.

Most of the Clifton buyers are women, cruising out to acquire the perfect environment. Outside Eden, though, how long does perfection last with these new Eves? One Clifton customer buys Boston ferns at £75 every two or three weeks with the throwaway comment that it would "probably help if she watered them." Others had a nasty rash of pot-deaths when their Filipina domestics took to polishing the leaves of the evergreens with window cleaner.

One painstaking lady could not imagine what had happened to her fruiting orange, which died in a month although she watered it daily: she had been going regularly to the supermarket to buy it crates of fizzy mineral water, assuming this would be good for the plant's digestion.

After years of customer service, Clifton knows the curious hazards. When an entire planting died recently around a client's indoor swimming pool, the nursery held an anxious post-mortem and checked for chlorine. It turned out that the beds were being watered by a plumbed-in water softener. Softeners are lethal because they upset the chemical balance.

How can we out-of-town gardeners keep up with this instant Eden? One simple answer is to minimise the risk and buy the latest fabric fruits and brambles, made in Thailand.

Those busy workers in the Far East have now undercut indoor gardening. At £3 to £4 a sprig, wreaths of artificial plums are selling like cut-price water shares up in W9.

You can even have black, red and white berries on one cloth sprig to dazzle the decorators, and put them among bunches of roses with grey-green leaves of brushed silk.

Once your eye is in, prices take on a new logic: who could quibble with my own top suggestion, a mature lemon tree at £65 complete with fruit, new flower-buds and a well-shaped trunk? They prefer low temperatures, say, about 40°F in the conservatory by night. Orange trees, after all, cost up to £250 but, even so, it depends how you look at the figures (as accountants always are saying).

Each year, one Clifton customer makes her own pot of organic marmalade off the orange tree which she bought seven years ago for only £60. Nowadays, she could reckon on £200 for the tree at a fortnight's notice; ecological marmalade would be cheap at £4 a jar, without colourants or politically dubious origins.

It all adds up to a 2 per cent net dividend and 320 per cent growth, tax-free. Perhaps, after all, the new Eves at Clifton have their reasons, as they out-perform most of their broker-husbands and are ready in the week before Christmas to go ex-jam.

Nitrates: a formula to fear

***Arthur Hellyer** calls for a new approach to the use of fertilisers*

I WAS brought up to regard nitrates as the very basis of soil fertility. It was nitrates which would enable the useful bacteria in the soil to multiply in their billions and so ensure that organic matter decayed in a healthy manner, liberating the useful mineral salts to become available as plant food.

It was nitrates that stimulated leaf development, so increasing the area in which photosynthesis could take place. A quarter of a century ago, when global starvation appeared to be the greatest impending disaster, it was nitrates that helped to transform scarcity into surplus, leaving alarmists seeking new dangers to exploit.

Now, suddenly, nitrates have reappeared in the headlines as one of those dangers. The media is full of stories about nitrate pollution of our water supplies and the hazards this presents to health. The EC is considering new regulations on their use which some experts believe will be so restrictive as to threaten the livelihood of many farmers and market-growers. It all sounds like an *Alice Through the Looking Glass* story, and I have been trying to discover what has brought it all about.

Recently, I listened to an expert in this field who used a homely illustration which began to make me understand the problem. A major difficulty, he said, was the way in which cattle disposed of their waste. If only cows squirted their dung around, like the hippopotamus, instead of dropping solid pats, there would be no difficulty. It was the cowpat, lying concentrated on a small area of soil, that caused problems. Even when farmers and gardeners gathered up those cowpats and spread them elsewhere, they tended to do so too heavily, so creating concentrations of nitrates which plants and bacteria were incapable of using in a sufficiently short space of time.

Nitrates, you see, are soluble. They get washed down into the soil by rain and irrigation and, after a while, they reach a level below that in which bacteria and plant groups are active. After that, there is nothing to stop their further movement downwards until they reach an impervious layer which deflects them sideways, eventually to reach land drains, ditches, streams, rivers, lakes or the sea. This process could take as long as 50 or even 100 years and there is no way of stopping it. However, the amount of nitrates not being used in the upper soil can be checked.

In streams, rivers and lakes the nitrates will find living organisms to make use of them. However, the growth so caused may be too vigorous and thus unwelcome, and may harm fish and other aquatic creatures. If too much of it gets into drinking water it can be harmful to humans as well.

I think there were two reasons why the speaker used the illustration of the cowpat. Primarily, it emphasised in an easily-understood way the role that levels of concentration play in the nitrate problem, even quite small and separate concentrations such as those left by cattle. Had the individual pats been spread evenly over a greater area it is probable that no surpluses would have occurred to seep down into the subsoil, but each pat left on its own was likely to contribute to the surplus.

His second aim, I think, was to make it plain that it is not just nitrates contained in chemical fertilisers that can become harmful. It makes no difference from what source they come, organic or inorganic; it is essential to ensure that, however and wherever they are applied, there is never a surplus which plants and bacteria cannot use.

The EC agrochemists are, I understand, now trying to establish rates of nitrate application – from any source – that are entirely safe. These may be so low that they will change completely the present levels of crop feeding, with serious effects on productivity. Other scientists are seeking to ascertain the minimum requirements for crops of different types growing in different soils and different climatic conditions, so that farmers and growers can be told how to best utilise the supplies they are permitted to use.

It would appear that in the past precise information on these matters has been patchy and imprecise, though farmers and gardeners have always had their own ideas. No sensible greenkeeper would apply anything that was rich in nitrates after mid-August, not for fear of causing water pollution but because it would encourage late growth of grass that would be at risk from frost and winter diseases. Every fruit grower is aware that nitrates, if required at all, need to be available when the fruit trees are coming into leaf and when they are forming their flower buds and commencing to swell their fruits in spring and early summer.

There are equally well-defined feeding periods for many other plants but all have been prepared with the needs of the plants in mind – little thought has been given to the danger of leaving residues in the soil. This must now become part of our new thinking, and it may also lead to a reassessment of the value of slow-acting or slow-release fertilisers, which have been widely regarded as safe and desirable. For the plants this is indeed so, but how can we be sure that these slow-release fertilisers will not go on releasing their chemicals long after the plant has ceased to be able to use them, so adding to the accumulation of nitrates in the subsoil and their eventual reappearance in streams, rivers and lakes?

Bridge

MY FIRST hand today is from a rubber:

N
♠ A Q 9
♥ A 9 3
♦ A Q J 10
♣ 9 5 4

W
♠ 6 5
♥ J 8 6 2
♦ 9 5 3
♣ A Q J 7

E
♠ 4 2
♥ Q 7 5 4
♦ K 8 7 2
♣ 10 8 3

S
♠ K J 10 8 7 3
♥ K 10
♦ 6 4
♣ K 6 2

With North-South game, North dealt and bid one no-trump while South's four spades concluded the brief auction. West opened with the six of trumps and the declarer drew two rounds with queen and ace. Then, crossing to his king of hearts, he led a diamond and finessed the queen.

East won with the king and made a vital switch to the 10 of clubs – if he plays eight or three, South can duck. West has to win and cannot defeat the contract. But the 10 put South down.

Full marks to East, but declarer missed a lovely safety play. At trick two, he should return the three of hearts and finesse his 10. West wins and leads another spade to dummy's ace. The declarer cashes his heart king, crosses to the diamond ace, throws his remaining diamond on the heart ace and leads the queen of diamonds for a ruffing finesse.

If East plays low, South throws a club from hand without a care. If West wins, he is endplayed – he must either establish declarer's king by a club lead or give a ruff discard. If East covers the queen of diamonds, South ruffs and can discard two clubs on the winning diamonds.

The heart play is pretty and so simple – but missed easily.

The next hand is from duplicate pairs:

N
♠ Q 10 7 3
♥ A
♦ A J 6 3
♣ K 8 5 4

W
♠ 9 6 4
♥ K 9 4
♦ 10 9 2
♣ 10 9 7 2

E
♠ 8 5 2
♥ 10 7 6 5 3
♦ Q 8
♣ J 6 3

S
♠ A K J
♥ Q J 8 2
♦ K 7 5 4
♣ A Q

Sitting South, I dealt at love-all and bid two no-trumps on my 20 points. North raised to six and all passed.

West opened with the two of clubs. I had 10 tricks on top, another could be set-up quickly in hearts, and diamonds must provide the 12th.

Winning East's knave of clubs with my ace, I cashed four spades, discarding a diamond from hand, while East and West threw hearts. I played off the heart ace, crossed to my club queen and played the heart queen, throwing a diamond from the table.

West won and followed with the 10 of clubs. I took this with dummy's king, throwing another diamond from hand, and crossed to my diamond king.

When I cashed the heart knave, West pitched a diamond, and all was revealed. West was marked with a 3-3-3-4 hand pattern and, at this moment, each defender had one diamond. I played my seven of diamonds, knowing that the queen must drop under the ace from one side or the other.

At pairs, North was justified in saying six no-trumps; at rubber bridge, a Baron three clubs might have been a better response, resulting in a contract of six diamonds.

E. P. C. Cotter

A new touch of glamour in Glamorgan

Cardiff's success is bringing prosperity to the Valleys, reports ***Carrie Segrave***

THE WELSH, at first amused if not *cynical about Welsh Secretary Peter* Walker's contention that Cardiff will be the newest, smartest European capital by the end of the century, are starting to believe it. Cardiff is switching, with an ease some English cities envy, from being a capital of coal and iron to one of electronics, merchant banks and smart dockside developments.

The influx of Japanese manufacturers into South Wales over the last decade has been followed by two companies that seem to have set the seal on the renaissance – Bosch, the German car components company, which will create 1,200 new jobs, and N M Rothschild, the London merchant bank. However, the factor which impressed Cardiff people most was the sudden doubling of house prices.

The 1988 property boom rolled down the M4 corridor from London, and people awoke to the comparatively cheap price of the homes. Bristol commuters found Welsh prices irresistible. "The property market went crazy here last year," said a local businessman. An incoming executive will now have to dig deep into his pocket to buy a smart South Wales home. This year has seen prices steady and fall from last year's high, in common with the rest of the UK. However, "Wales is no longer the bargain basement," according to a report from Coopers & Lybrand for the Welsh Development Agency.

The result is a Cardiff area homes market in which the beautiful country mansion and the state-of-the-art new executive home are now in the familiar £350,000 to £450,000 bracket, but where first-time buyers can buy a two- or three-bedroomed terraced house for a tenth of that.

Cardiff is better placed to attract national and international businesses than it is to act as a capital city. Tucked away in the south, it is hardly a handy centre for the principality. However, Bristol is only an hour away and it is a straight run to Heathrow Airport.

Around Cardiff, immigrant executives and their employees find homes. On its seaward side, the city has the largest docklands regeneration site after London – brave new homes are emerging in what was the notorious Tiger Bay. Inland, there are Victorian terraced streets (at prices Londoners

THE HALO EFFECT

cannot believe), select suburbs and the Vale of Glamorgan's villages. Further to the north are the Valleys.

Longer-distance commuters look to the Usk and Wye Valleys to the east towards England, or west to the country and coast beyond *Swansea.* "Though we're not really into travelling here," said a local agent, "six miles is considered a good commute."

Cardiff, like Liverpool and now Har*tlepool, has a London Docklands-style* development corporation to sort out the mess left by declining docks. Although the Cardiff Bay Development Corporation (CBDC) was only set up two years ago, work was already well under way on Atlantic Wharf. Formerly Bute East Dock, this is being transformed by Tarmac into 70 acres of homes, offices and leisure activities.

Tarmac has already completed more than 300 new homes, while Lovell has turned the derelict Spillers warehouse into 47 luxurious apartments, set around an atrium with waterfall, with its own health club. Prices range from £78,000 up to £225,000 for the penthouse. Lovells is also completing another 149-home development here, Admiral's Landing. It is all just part of the 2,700-acre development area, for so long a decaying, dangerous place of deserted docks and mud flats.

The outer docks remain a working port; the transformation of the rest of the bay will at last reunite the city centre with its waterfront. Lessons have been learned from the experience of other development corporations – unlike others, the CBDC does not usurp the role of local planning authorities. However, its 12-person board includes senior politicians from across the parties, and all development proposals must be referred to it. So far, it seems to have worked well – no disagreement has been serious enough to refer to the secretary of state.

The Penarth Marina, part of a project by the Cardiff Bay Development Corporation

Away from the downtown terraces, Cardiff's main residential areas lie north and west of the centre. Some, like pretty Lisvane, or Llandaff with its cathedral, are old villages which have been subsumed into the city. Whitchurch, Cyncoed, Llanishen, St Mellons and Rhiwbina are also among the better suburbs.

Peter Hart, of estate agents Crown & Co – its relocation arm prepares detailed reports for incoming companies – summarises Cardiff homes prices: executive-style flats £65,000 to £100,000; three-bed semis £65,000 to £95,000; three-bed detached £85,000 to £150,000; four-bed estate homes, £100,000 to £145,000; four- or five-bed executive detached, £150,000 to £300,000; five- or six-bedroomed Victorian town houses, £90,000 to £175,000.

Cardiff is not a sprawling city. It is no distance from the town centre to open countryside. Many city workers choose the villages, extended by new housing, on the city's rim. Dinas Powis, Radyr, Pentyrch and Creigiau lie within a 10- to 15-minute drive of Cardiff, and they all have smarter new developments.

Gareth Carter, of Cooke & Arkwright's Cowbridge office, cites The Drive at Radyr: 13 individually designed five-bedroomed houses by Knightsbridge Homes; the last two are £285,000 and £325,000. At Lisvane, Wimpey's Mount St Denys development again boasts five-bedroomed, top-of-the-market homes in the £330,000 to £400,000 bracket.

There is also the coast. Penarth is a perennially popular seaside town, part of which comes within the Cardiff Bay development area and has a marina with luxury homes by Crest Nicholson. Berths are fought over. Wimpey, too, has smart new flats with sea views and a gym, priced from £70,000 to £140,000. Barry still has working docks.

"Homes here are like the curate's egg – good in parts," said a local. Those parts are to the west, where some get sweeping views across the Bristol Channel and price tags which rise accordingly. Kemps list one such in Marine Drive, opposite Porthkerry Country Park and near Knap Beach, at £280,000. Elsewhere in the town he lists three-bedroomed Victorian terraces from £34,000 and a renovated, five-bed Edwardian house at £69,000.

"If you want to get out of Cardiff, it's the Vale," says Bill Jones, of Cornerstone, in Cowbridge. The lovely Vale of Glamorgan, stretching westwards towards Bridgend, harbours the country cottages, nice barn conversions and tidied-up farmhouses. Its "capital," the little Georgian market town of Cowbridge, could be in the Cotswolds.

The decor and furniture shops reflect the prosperity of the area. The Central Vale (Cowbridge and eastwards) is the most attractive, studded with villages like St Hilary, Llancarfan, Pendoylan and Peterstone Super Ely. "But as you head west," comments Jones, "the villages are not so pretty; they are more exposed, their developments less thought through."

St Brides Major and Wick are close, however, to the "heritage coast," a protected, spectacular coastline. Crown & Co's relocation office gives guide prices for Cowbridge and the Vale villages of £75,000 to £120,000 for three-bedroomed semi-detached homes. Detached houses average £90,000 to £140,000, with larger, executive-level homes from around £135,000 to £350,000-plus with land. A Georgian town house in Cowbridge would be £135,000 to £180,000.

North from Cardiff, the land starts rising towards the more typical Welsh landscape of the Valleys. Their gateway is Llantrisant, a vertiginous hilltop town with glorious views. "A marvellous place to live – full of Valleys people, who are the friendliest in the whole of Wales," says Eileen Townsend Jones. She has recently moved here with her husband, David. For him, it's a return to his roots made possible by the Cardiff area's regeneration and by computer technology.

David and his wife now run Castle House Press from the converted barn behind their hillside home. He was able to leave the London publishers for whom he worked to set up his own business. His erstwhile employers have a skilled editor on tap at the end of a computer link, while he generates more work for local typesetting houses and computer companies.

Merchant bankers N M Rothschild cited just this "remarkable renaissance" of thriving *small businesses* and entrepreneurs as being high among their reasons for opening a Welsh branch. "The Secretary of State said we ought to have a look, and I had to agree with him that *things* were changing," said Michael Richardson, Rothschild's managing director of corporate finance, a year ago.

Today he sees no reason to modify his initial enthusiasm. "I saw an exciting future, and all I can say is that I certainly don't regret anything. The corporate side, in particular, is better even than I'd expected."

It's a matter of grooming, or not, as the case may be

Arnold Wilson welcomes the challenge of Vail's ski bowls

THE MOST precious asset belonging to the US ski resort of Vail, in Colorado, is its world-famous back bowls, which are now all linked. For the uninitiated, a bowl – viewed from space – would look like a crater, perhaps a mile across and preferably filled with fresh snow. Vail has seven of them, far more than its fair share.

Bowls are the playground of the uncompromising, *strong skier but can* be enjoyed by anyone prepared to have a go. They are never groomed. That is the whole idea.

Come what may in the way of snow conditions – anything from a couple of feet or more of fresh, eiderdown snow to "boiler plate" – that is the way the bowl skiers like it. They do not like their snow being manipulated for them. (To be truthful, one section of China Bowl *is* now groomed to let less ambitious intermediates have a go.)

This is a far cry from resorts such as Deer Valley, Utah, where the slopes are so lavishly groomed that it is difficult to fall over even if you try. Until last year, some of Vail's bowls were reserved for the American equivalent of what we would call off-piste skiers.

The only way out of Tea Cup, China, Siberia or Mongolia Bowl was by hitching a ride on a snowcat. Now the new Orient Express lift and a drag link with Mongolia have opened up the whole area to anyone. This has almost doubled the skiable terrain of Vail, which was already the biggest single ski mountain in the US.

(Unfortunately, one new run in China Bowl that was built as a consequence of all this so incensed the local Colorado Chinese population that the lift maps had to be destroyed and replaced at a cost of $40,000. They found the trail name "No Ticky, No Laundry" – No Ticket, No Laundry – racially offensive, and the trail has been re-christened Silk Run.)

It is every serious skier's dream to find fresh powder in Vail's bowls. Last spring, when I made my fourth visit to Vail, we arrived to find that the bowls were more like skating rinks. Skiing down the walls was more akin to travelling across corrugated iron than snow. Our legs turned to jelly.

Having skied Vail on earlier trips with a Hawaiian instructor of slightly advanced years, as well as with the marketing director, Bill O'Connell, a Clint Eastwood lookalike who is also no spring chicken, the only saving grace was that this time we were skiing with a delightful young instructress and former racer. When we awoke it was to find that 2 ft of fresh powder had obligingly carpeted the bowls. It was a cold, crisp day. The sky was cloudless and the snow sparkled splendidly.

The trunks of spruces, which the day before had simply been an additional hazard for our shell-shocked limbs, *were now covered with wind-blown* snow. The gaps between them had been transformed into snow holes to be romped through with whoops of joy and glee, sending sprays of fluffy snow into our faces and even our lungs.

Unfortunately, there is no *guarantee* of finding such *conditions* when you cross the Atlantic. But then Vail is well worth visiting *even* when there is no fresh powder. The bowls aren't everything. The resort has well over 100 runs, with names such as Mule Skinner, Thunder Alley, Whipper Snapper, Whistle Pig, Sourdough and Gitalong. Tin Pants refers to the toughened leggings worn by old-time loggers whose trousers used to freeze solid in cold weather.

One of my favourite trails is the Wow! run in Sun Down Bowl. Just when you think you have got the hang of the slope, the ground falls away from you unexpectedly, leaving your stomach skiing a couple of feet above your head.

Unlike its big rival, Aspen, which is an old silver mining town, Vail was only built in 1962. Like Sun Valley, and later Teton Village at Jackson Hole, and Taos, it was deliberately ersatz in a not entirely unsuccessful attempt to ape Alpine resorts in Austria and Switzerland.

Vail Village is perhaps the only traffic-free resort centre in the American Rockies. It is agreeably cosmopolitan with strong European influences, including the cuisine. For anyone still debating whether to head for the ski slopes of Colorado this year instead of those in Europe, Vail is one of the best possible choices – perhaps *the* best.

Skiing is extensive and suitable for all grades, and Vail is very central for skiers who want to make the most of a fortnight by experiencing more than one resort.

Neighbouring Beaver Creek is 10 miles away. The "Ski The Summit" area, comprising Breckenridge, Copper Mountain, Keystone and Arapahoe Basin (all available on one lift pass) is 35 miles away with the closest of the four, Copper, only 19 miles. In the other direction, Aspen is well worth a visit although it is 100 miles distant.

Breckenridge provides a fascinating contrast with Vail. Both have more than 100 trails to chose from. In the town of Breckenridge, hundreds of buildings that have been rescued and refurbished from the old Victorian mining days when at one stage it became a ghost town with a population of seven.

It has three vibrant ski areas. Peak 8 (no fancy names for the mountains here) is the original ski mountain and has some of the more difficult skiing, with double black diamond trails like Goodbye Girl, Mach 1 and Tiger. Peak 9 is gentler, with runs mainly suitable for beginners and intermediates such as Country Boy and Sundown. Confusingly, it also has a clutch of severe mogul chutes, one of which, Mineshaft, is reputedly the most difficult run in the resort. I found its neighbour, Devil's Crotch, a touch nastier.

Peak 10, opened in 1985, has only 2 per cent of trails suitable for beginners. Three of its more menacing runs can be found close to one another on the far west of the ski boundary: Mustang, Dark Rider and Blackhawk. A new ski area is being planned – no, not Peak 11, nothing so predictable. This one will be called Peak 7.

Breckenridge was bought last year by the Japanese, who now own Steamboat Springs as well. So far they seem content with the way things are going in Breckenridge and there is little outward sign of change. But jokes about "kamikaze" skiers are out.

■ **My trip was arranged by Ski Thomson, Greater London House, Hampstead Road, London NW1 7SD. Reservations: tel: 01 435-8431 or 493-9191.**

Whoa! Take it easy on that slope, pardner

If it's free it's just not my cup of tea

I ALMOST never go on freebies. I am sometimes given air tickets, or offered two free nights in *the Nancy Reagan Suite in this* or that hotel. But those are just facilities – things that people offer me to help with my work.

Freebies are something different. In their commonest form they are Press junkets ("Press trips") organised by public relations specialists to puff a product, place or service, their attraction to the sponsoring company being that they are a cheaper form of puff than paid-for advertisements.

In their classical heyday – approximately the early 1970s – freebies were as glamorous as movie premières. They became more and more exotic. Money was no object. Journalists were flown to Rio on the absurdest whim or fancy. Everyone was given presents. The scenes were unimaginable. There was 24-hour partying. Many people were sick.

If it was a cut-price freebie, it sometimes happened that the money ran out. You knew there was no money left when the PR phoned London: "Yes, Roger, I know, but all I started with was £73.50 from Doreen's petty cash. I had to bail out two of them at the police station, then another pushed the manager into the hotel swimming pool. They've gone through £360 worth of drink and say they're not leaving for the airport unless they've upgraded to First Class."

One of the enduring characteristics of the freebie is that the people who go on them are often quite obscure: the *Sun's* Acting Deputy Foreign Features Editor (Nights), say. Often they aren't journalists.

In the current corporate climate of industriousness and earnestness, some newspapers have been re-examining their attitude to freebies and facility trips. There has been talk at high tables. Questions have been asked.

In order to make a contribution to this vital debate, I accepted invitations to join two freebies last week. One of them was from the PR account director for Sol Holidays at HM & Gannaway, who wrote to confirm my "invitation to attend a pre-launch preview of two new holiday products from Sol Holidays," the products concerned representing the first summer programmes to be launched in *the UK by the "new" Sol since* its acquisition earlier this year by International Leisure Group.

"Obvious bias apart," said the letter, "we believe the occasion and the products concerned merit something over and above the usual meedja luncheon! Not that you won't get lunch . . ." The destination of this trip was kept a secret until we had arrived at Gatwick.

Where did we go? We went to Munich, for no better reason

Travels with Michael Thompson-Noel

than that Munich is served by Air Europe, owned, like Sol, by ILG.

What was it in aid of? The purpose of the visit was to puff Sol's attempt in 1990 to move a bit up market with two programmes of "quality holidays based exclusively on Air Europe charter and scheduled flights." These are Summersun, featuring hotels, *villas* and apartments at 11 "popular sunspot locations," and – brand new – Sol Scandinavia.

Fond of jargon from the 1970s, Sol commercial director Mike Killeen said that previously Sol had been "a very good me-too product but without a clear USP," so its new owners were keen to reposition it. This was said to fit it with the belief that UK holidaymakers were busily trading up to better-class packages, even though *the overall market has* taken a bashing.

Sol would now be courting older holidaymakers, or young professionals; 82 per cent of accommodation in the Summersun brochure was now of three- or four-star standard; there was a "completely unqualified no surcharge guarantee" *and Sol was offering* "enhanced travel delay benefits plus a greater degree of customer responsibility in line with the new tour operators' code of conduct." Prices to Scandinavia started at £129 for a one-week flydrive without accommodation.

Was there any bad behaviour? Certainly not. We had a guided tour of Munich, a perfectly adequate lunch, an hour for pottering around, and then we came back.

Were we given any presents? No, we were not.

The second freebie was hosted by Lufthansa, DER Travel Service and the Hotel Graf Zeppelin.

Where did we go? To Stuttgart.

What was it in aid of? The idea was to acquaint us with Stuttgart and the surrounding area, and to introduce us to the joys of Lufthansa's "new European service concept." Its essential features are a three-class cabin system on all scheduled flights within Europe, improved inflight services and new services on the ground. Meals and beverages in Business Class are now more varied. It was all rather jolly. Stuttgart was fine. The food was fine. The hotel was . . . well, rather jolly.

Was there any bad behaviour? Certainly not.

Were we given any presents? We received a Lufthansa shoulder bag and a (small) bottle of Stuttgarter Monchhalde Riesling. *In accordance with internal* procedures, I shall be forwarding these items to the FT's Foreign Desk, which is organising a charity raffle.

My verdict? Freebies have become dull, earnest, more like sales trips, which is an excellent reason why self-respecting journalists should avoid them. The reason for this is that many PR firms now act like substitutes for company sales forces. They are forgetting about PR; sales are all that matter. *(This is very short* sighted. If PR chiefs want to rediscover their roots they should take a trip to the US, where no-one confuses PR with selling). It is all rather grim.

BOOKS

Feeling for the funny bone

Anthony Curtis on the charms of Thurber

THE PLACES which great writers once inhabited become shrines after they are dead. Keats has his cottage in Hampstead; the Brontës their parsonage at Haworth; and James Thurber has his house in Columbus, Ohio, where he lived with his family when he was a college student, *from 1913 to 1917.*

The literary director of the Thurber House, now an American Writers' Center, is Michael Rosen who has put together this new volume of pieces by Thurber, *Collecting Himself*, none of which has appeared in book form before. They cover a variety of Thurber's most passionate concerns, the craft of writing, particularly humorous writing, the handling of dialogue in the theatre, skills in drawing, and examples of that peculiar form of homage to a fellow author which takes the form of a sustained parody of his prose.

By the time he lived in the Columbus house, Thurber had already suffered the childhood accident that blinded him in one eye, but which did not prevent him later on from taking up journalism for his career. As Thurber grew more and more eminent both as a writer and a public character, his eyesight steadily deteriorated. Rosen tells us how visitors, who remember Thurber's fortitude in continuing to draw, with white chalk on black paper, while suffering from great impairment, "ask to try on his Zeiss loop, that headband of magnifying lenses Thurber wore to accomplish those last drawings. Not normally part of the tour, the loop creates a frightening topography of the wrinkles and hairs on a hand held five inches from its lenses . . . They want to sniff the cologne in the monogrammed bottle from Dunhill's, open Thurber's leather briefcase, decipher a framed canary page of Thurber's enormous, barely legible script . . . The boldest visitors will tentatively depress the space-bar on the Underwood #5 typewriter on which Thurber composed many of the stories and casuals for *The New Yorker*."

These holy relics of the great man testify to a way of life, that of middle-class America in the inter-war years, which was so enjoyably embalmed in his best work. The marital stalemates and wishful yearnings of a whole generation of clean-living, right-thinking white executive American males, who had reached the menopausal point of no return, were set down in line and word with beautiful accuracy and deftness. Stories like "The Secret Life of Walter Mitty," "The Macbeth Murder Mystery" and "Mr Prebble Gets Rid of His Wife" are peerless gems of humorous writing *that still retain their pristine sparkle.*

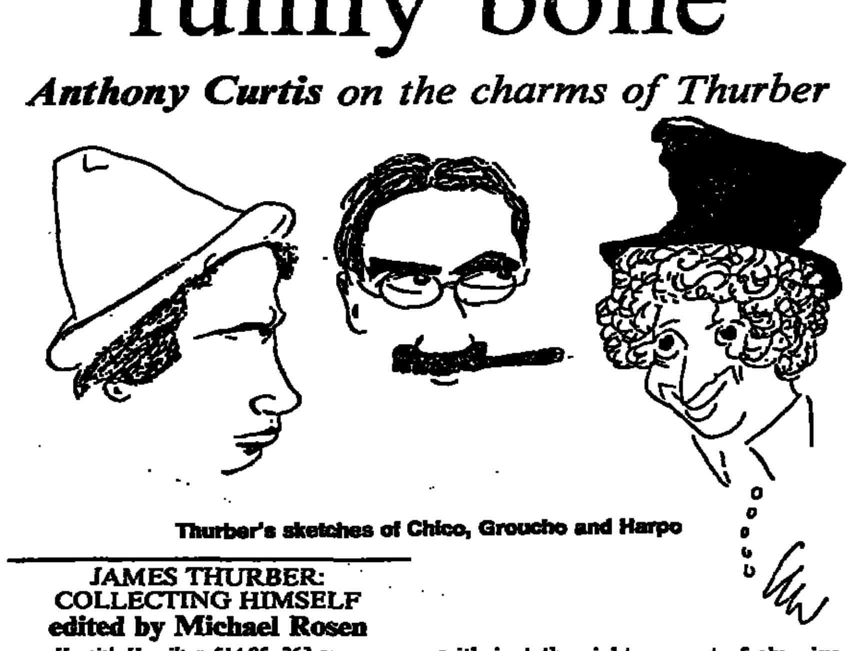
If you are inclined to doubt that, may I suggest you listen to Radio 4's *Book at Bedtime* starting Monday when these short Thurber classics are being read with just the right amount of abrasive emery-paper tone of exasperation by Ed Asner? There is nothing as good in this new volume which cannot escape the charge of barrel-scraping. However, it pleasantly revives the humane, male-oriented Thurber voice well enough, mainly in defence of a critical outlook that had been tempered and sharpened during the years with Ross. Nor was it only Ross who made Thurber think about the construction of his sentences.

Roald Dahl, who also served his apprenticeship as a short-story writer on The New Yorker, paid tribute publicly the other day to Gustave Lobrano, the fiction editor, at whose feet the likes of Thurber, Benchley and Perelman would sit and suffer judicious cuts in their material. Lobrano re-appears here among further indications of the magazine's self-imposed code in "The Theory and Practice of Criticizing the Criticism of the Editing of New Yorker Articles (With a Lighted Candle for Wolcott Gibbs)." And the volume reveals how elegantly Thurber could turn his hand to a book review in a piece on Scott Fitzgerald's *The Last Tycoon*, and even once deliver a display *of controlled indignation in a notice of* Anne Morrow Lindbergh's *If You Ask Me.*

In a more reminiscent vein he discussed Julius (Groucho) Marx's *Groucho and Me* which is enhanced by his drawing of all three Marx brothers. Thurber also attended all nine of Coward's short plays that made up *Tonight at 8.30* with Gertrude Lawrence and Coward himself playing the main roles. *"His right words,"* Thurber writes, *"for* those who have been long in love, or marriage, and for those who have just fallen into love or marriage, have, at their best a precision that moves towards the absolute."

But Thurber's best criticism here consists of his parodies where he gets inside the skin of another writer as completely as he does one of the henpecked husbands of his fables. His ver*sion of a Henry James foreword in* "The Preface to 'The Old Friends'" is almost in the same league as Beerbohm's definitive James parody, "The Mote in the Middle Distance." ". . . I was instantly and with the greatest of sharpnesses confronted with the evoked figure of the poor dear lady with whose predicament my hostess of a long lost afternoon had been so prettily and intensely concerned as to cry out, in my fortunate hearing, 'Ah, but doesn't every husband, upon being asked by his wife to bring her a facial tissue, return, after a moment with a clump of at least fifteen or twenty!'" And he is just as wickedly adroit as this with Hemingway.

Thurber's world has vanished: his attitudes and his outlook were of their time; but his high degree of professionalism remains an example for us all.



Thurber's sketches of Chico, Groucho and Harpo

JAMES THURBER:
COLLECTING HIMSELF
edited by Michael Rosen
Hamish Hamilton £14.95, 263 pages

Edith Olivier: no party was complete without her

Bright Young Thing who survived

Jane Abdy on a woman with a flair for friends

EDITH OLIVIER:
FROM HER JOURNAL
1924-1948
edited by Penelope Middelboe
Weidenfeld & Nicolson £19.95, 334 pages

MISS EDITH Olivier lived in a charming, small Gothick house at Wilton in Wiltshire, where her father had formerly been rector of the parish. Her many friends, who included Cecil Beaton, Siegfried Sassoon, and other luminaries, all regarded her as a remarkable woman.

As an undergraduate at Oxford, Lewis Carroll was so smitten with her that she was permitted to dine *tête-à-tête* with him in his rooms at Christ Church, at a time when it was unheard of for a girl to be unchaperoned. To a considerable intelligence she added social gifts of enthusiasm and zest, and, according to Stephen Tennant, she "galvanised" talent in others, and was regarded by many of the Bright Young Things as their Egeria.

This present book is not a life of Edith Olivier; it begins when she is 54, living alone, and desolated by the death of her sister, so close to her that their relationship can be compared to that of Cassandra and Jane Austen.

In the lively social milieu of Wilton, those who comforted her included Lady Juliet Duff, Lady Grey (formerly Pamela *Wyndham of Clouds), and* her beautiful depraved son, Stephen. Through Stephen, she was whirled into the set of Brian Howard, Rex Whistler, Evelyn Waugh, *the Sitwells, et al.* Although 30 years older than this group, Edith was at once loved by them, and no party was complete without her. This is definitely a book for addicts, and contributes many good anecdotes to swell a Bright Young Things industry.

The drama of Oscar Wilde had, said Conrad Russell, killed aestheticism at Oxford for several generation. After the Great War it returned merrily, with an excess of gilt baroque cupids, pink satin cushions and painted human faces as bizarre as Beardsley. Artifice and *trompe l'oeil* were the rage; "laughter is an urn," said Brian Howard of Rex Whistler.

The revels of this group were recorded by Edith in her journal; Cecil Beaton wearing a coat decorated with hard-boiled eggs, a naked man appearing at a party clad only in grey paint, and Stephen Tennant strewing roses on the floor, like Heliogabalus. Edith was entertained and unshocked; Brian Howard was to describe her as "highly principled in abandon."

Despite Edith's charms and fine good looks (recorded in photographs by Cecil Beaton), she never married; she and her sister, in the Victorian tradition of sacrifice, decided to remain unwed to devote their *lives in caring for their wid*owed father. At 54, Edith fell wholly in love with Rex Whistler, aged 19. He regarded her as an adored confidante and aunt, illustrated her novels, took her on jolly outings, and his lively and constant affection continued until his death in battle in 1944.

The book reads blandly, largely because the author has filleted it by placing the descriptions of characters, including Edith's sharpest barbs, in a huge list at the beginning. *Paul Oggie Lynn is* dismissed as "a short, fat, opera singer friend of Cecil Beaton's," and John Sutro as one who "could ad lib for several hours in verse when drunk."

I presume that the author is very young, as she is described with some originality by her publishers as Edith Olivier's great, great niece, and she is probably not aware that some verbal fishbones might choke people still alive.

Life of a history man

MARC BLOCH: A Life in History
by Carole Fink
Cambridge UP, £25.00, 371 pages

MARC BLOCH was one of those rare historians whose influence was seminal. No-one more so in our time. Fundamentally he was an economic historian and a medievalist. But what was characteristic of him was his living conception of history as the key to our understanding of our story. Hence his widespread interests in sociology, geography, regional matters, place-names, literature. An historian who even *wrote* poetry, *he made* everything that he touched *live.*

Bloch began with studies of kingship and serfdom, the nature of early rural society and feudalism. Then he wrote an original book, *Les Rois Thaumaturges*, on the royal gift of touching for the "King's Evil" (scrofula). We remember that Queen Anne was the last who performed the rite, and that she "touched" Dr Johnson as a boy. It did him no good, but it confirmed his Jacobite sympathies.

Bloch's masterpiece was his big book on Feudal Society as a whole. No less important was his founding, with Febvre, the historical journal *Annales*, which inspired a whole school of French historians. Its main inflexion was again economic history, but treated sociologically, for the light it throws on society, not only in the past but current problems. Thus it was challenging and polemical; Bloch took on *everybody and was interested* in everything, even the history of money.

Of a Jewish family from Alsace, he was an intense French patriot, *one of those* who have made a contribution to French culture out of all proportion to their numbers. His great-grandfather fought for France during the French Revolution; his father fought in the defence of Strasbourg in 1870. Bloch himself fought all through the war of 1914-18, was wounded and four times decorated.

A man of incisive intelligence and organising capacity, he was highly critical of the incompetence of the French higher command against the military efficiency of the Germans, always good at waging war. In the Second World War Bloch served again on the Belgian front and was appalled again at the sheer ineptitude and complacency with which German speed and efficiency were faced. He himself showed marked skill in organising fuel supplies. He summed up with combined insight and anger in *L'Etrange Défaite.* Nobody expected the breakthrough, nobody (except De Gaulle) had learned from the Polish campaign, they all expected a war of attrition on a Western front like 1914-18.

Marc Bloch: made everything he touched live

Under German inspiration, the wicked madness of anti-semitism swept like the plague over Europe. The philosopher Butler, who had a good understanding of psychology, wondered in the 18th century whether there was not such a phenomenon as *Collective Insanity, like* that liable to afflict individuals. He was borne out by what happened in the French Revolution.

Bloch himself was interested in popular delusions, superstitions, false intelligence, panics. Himself the most rational of men, he eventually became the victim of the mania of anti-semitism. What is wonderful about him is that, in all the nightmare of terror, he never gave up hope, but planned for a new reformed France when the German nightmare was over. Once more, though in his fifties, he fought for it, joining the Resistance and bringing to it his notable organising skills throughout his whole area. This centred on Lyons, to which came the infamous Klaus Barbie to direct a final round-up, while Germany was already well on the way to defeat.

In a final shooting in the summer of 1944, 713 prisoners were killed in that department alone, among them this brilliant and original mind among historians. One can hardly bear to think of his being tortured, then shot.

This American book tells the story of his life and work, dispassionately and reliably. A pity it is not written in better English, and it has too many unnecessary footnotes in the American academic manner. *Otherwise readable.*

A.L. Rowse

Light on female bards

EIGHTEENTH-CENTURY WOMEN POETS: AN OXFORD ANTHOLOGY
edited by Roger Lonsdale
Oxford £20.00, 555 pages

ROGER LONSDALE, in a quiet way, is developing into rather a revolutionary literary critic. Although I suspect that his most radical work is still to come, he has already begun to transform our view of English 18th century verse and, gradually, our view of the society of the time. He began with the *New Oxford Book of Eighteenth Century Verse*, which printed the established poets alongside the lesser-known without a *great deal of introductory com*ment. It made plain that there was much more variety than was generally believed.

His *Eighteenth-Century Women Poets* is an extension of the same idea, but on altogether more ambitious scale. Not only is there variety, there are also poets that this reviewer had never heard of, and there are discoveries. Anna Laetitia Barbauld, for example, from whom are nine works — some of them extracts — written with a vigour and a range not outdone by any of her male contemporaries. Nor is she above addressing them on their own ground. There are some lines to Mr S.T. Coleridge which almost surgically expose *some of the latter's more philo*sophical pretensions. As a woman she also wrote: "Come, Muse, and sing the dreaded washing day."

I was impressed again by Mary Leapor, a girl described as resembling a bass-viol in shape and who died of measles at the age of 24. It is rare to come across such a combative, talkative, witty form of verse, which seems to me quite as satirical as anything in Jane Austen's novels. Note, for instance, An Essay on Woman: "Woman, a pleasing but a short-lived flower,/Too soft for business and too weak for power."

Lonsdale's introduction is longer than in his previous volume, but he still largely refrains from value judgements on the quality of the verse. What he seems to say is that this is how it was in all its variety and, therefore, impres*sions formed from previous* anthologies could be misleading. He is also clearly beginning to make a social statement. This is a book about women in the 18th century, some of whom forsook the needle for the pen. Not only feminists will admire it.

Where I think Lonsdale's most radical work is to come is in debunking Wordsworth's Preface to the *Lyrical Ballads* of 1798. That essay seemed to claim that most previous 18th century verse had been precious and artificial. Wordsworth was wrong. Lonsdale has implicitly proved he was wrong by his anthologies so far. He might now write about Wordsworth more directly.

Malcolm Rutherford

Crime

Sharply pointed vignettes

INSPECTOR GHOTE: HIS LIFE AND CRIMES
by H.R.F Keating
Hutchinson £11.95, 185 pages

THE BEDSIDE COMPANION OF CRIME
by H.R.F Keating
Michael O'Mara £12.95 192 pages

IT IS hard to believe that Keating's unassuming, endearing Inspector Ghote has been with us for a quarter-century, perceptively and successfully struggling with arrogant criminals, overweening superiors, and Bombay traffic. To celebrate this anniversary, Hutchinson presents a collection, *Inspector Ghote: His Life and Crimes*, of Ghote's briefer appearances, introduced by the author's charming reminiscing foreword.

Some of the stories are very short, no more than vignettes (but always sharply pointed, wasting no words); others are of novella length, giving Keating time to portray, wryly and pithily, a specific setting: advertising office, police headquarters, a Goan resort.

But like some other eminent writers in the genre (Julian Symons, for one), H.R.F. Keating not only creates crime novels; he also thinks about them. He has published various critical works, anthologies, and now he offers a *Bedside Companion*, which is indeed a companion, not a strict or hectoring guide. It is a splendid patchwork, amiably digressing in whatever direction attracts the alert author's attention. And if the reader shares Keating's interest in fictional crime, he will eagerly follow those several paths.

Only rarely do they lead down mean streets; though Keating's tastes are clearly catholic, you cannot help suspecting that his personal preference is for the vicarage or the library or the Calais coach. And, like every true aficionado, he admires a hermetically-sealed room.

These are some of the aspects of crime writing that he deals with in this series of short chapters, one of which is a delightful little anthology of seven poems on the subject, including Auden's haunting "Detective Story." The illustrations — mostly dust-jackets from the past or portraits of admired writers — are an added attraction.

William Weaver

In the footsteps of Strachey

EMINENT VICTORIANS
by A.N. Wilson
BBC Books £15.00, 240 pages

A.N. WILSON'S book sets up a symbiotic relationship with Lytton Strachey's *Eminent Victorians.* Originally, he tells us, it was intended as a counter-blast, a claim that the great Victorians *really* were eminent and did not need to be ironically and elegantly debunked.

This aim remained, but as he worked, his admiration for Strachey revived, and along with it, it would appear, a growing conviction that we can never recover Victorian values or attitudes, and that "the world changed deeply, fundamentally, at the time of the First World War, leaving the Victorians to seem as obsolete as the dinosaurs." So the book has two subjects: the six men and women depicted, and what we, as late 20th century people, are able, even driven, to feel about them.

Many readers of the book will have seen the television series that goes with it, and to compare the two is to learn a good deal about the two media — in particular, how gimmicky television is, with its restless insistence on showing us a new image every two seconds. But it can work by juxtaposition with vivid immediacy, setting past and present against each other, and Wilson himself *exploited the contrast by* appearing in the role of earnest seeker after authentic history, watching old magic lantern pictures, questioning descendants of his subjects, sometimes soberly dressed like a latter-day Victorian, sometimes more casual as he mingled with the tourists at Haworth.

Juxtaposition cannot be so immediate in the printed text, and Wilson's own comments inevitably become more explicit: most interestingly in the chapter on Newman, with whom, he tells us, he was almost in love in his late teens and whose prose can still give him gooseflesh; but now, ruefully examining his intellectual distance, the impossibility of caring any longer about the Arian heresy or the shared bishopric of Jerusalem, he finds that Newman seems to have joined the dinosaurs.

Like all good biographers, Wilson likes his subjects, with a liking that takes subtly different forms as he moves from one to another. His affection for Julia Cameron is casual, little more than amusement at her eccentricities, and indeed she herself does not matter much in a chapter that is largely about the growth and impact of photography.

Newman he regards with awe, Gladstone with level-headed admiration, Prince Albert with a certain unease. It may well be true, as Wilson claims, that Albert founded the modern middle-class monarchy almost by accident; but he also finds Albert's public virtues and his family happiness rather disturbingly undermined by his rages, his toothaches, his almost Pecksniffian indignation at his son's sexual adventures.

The most enthusiastic portrait is that of Josephine Butler, for whom he feels unqualified admiration — as who does not, for this brave, passionate, loving woman. Yet his endorsement of her feminism and his admiration for her spirited defence of prostitutes does lead to a one-sided presentation of the controversy about the Contagious Diseases Acts.

True, it was an issue of civil rights, and Josephine's defence of the prostitutes was splendid; but it was also an issue of public health, and she does not seem to have thought so much about that. Nor was all medical opinion as smug and callous as the egregious Dr Preston of Plymouth: I wish Wilson had quoted, along with his coarse remarks, the more thoughtful discussion of William Acton. Also, that he had explored some of the contrasts with prostitution and public health today. Good as this chapter is, it is full of missed opportunities.

Another disappointment is the treatment of Victorian literature. Wilson is right to claim that all his eminent Victorian were in some sense at odds with the age, but he does not manage to convey this impression when it comes to literature. Tennyson is the only poet who gets any real attention, and it *is not an* attention that looks hard at the poetry. And *Jane Eyre* is the only novel discussed: in my view it is not even Charlotte Brontë's best novel, and Charlotte Brontë is not nearly as fine a novelist as George Eliot.

But to start saying, "why not George Eliot?" would be the beginning of an endless series of why nots: Wilson is right to claim that his list, though not comprehensive, is not arbitrary; and however much we may complain that he leaves some issues unexplored, that can be seen as a tribute to the expectations raised by the book.

Laurence Lerner

The Rubens house in 1684 — studio on the right, main house on the left

The Genius of the Place

At home with Rubens

Nigel Spivey visits the house of Antwerp's most cherished son

IT OUGHT to have faded since the 17th century, but a singular whiff of prosperity still occupies the centre of the city of Antwerp — at least it does in the *cafes along the Keyser Lei*, where noisy packs of mink coats refresh themselves at troughs of cake and beer.

The Keyser Lei is the first segment of a broad street that takes you from the Central Station to the banks of the River Schelde. Immediate nausea is registered upon the sighting of the harbingers of 1992 — shall we have no source of toiletries in any place apart from the Body Shop, or of underwear from Marks and Spencer? — *but the Keyser Lei slides into* the Meir, and from the Meir branch side-streets worth exploring: shops selling lace, glassware, antique pewter and Congolese curios. And it is in one of these streets off the Meir that Antwerp's most cherished son, Peter Paul Rubens, had his home.

Antwerp has largely escaped the brutalities of 20th-century architecture, and the Rubens House still seems like the dwelling of an ambitious and successful man. Many of us will sympathise with Rubens, who over-stretched himself financially when he purchased the estate upon which the house was projected in 1610. He had spent eight of the previous ten years in Italy, blessed by Latin sunlight. Whatever Calvinist restraint instilled in him by his father probably disappeared there: on his return from Italy, Rubens' first move was naturally to marry a beautiful woman (Isabella Brant, of whom *exquisite portraits survive*); and second, to build himself a beautiful house.

However, to call it a "house" belies its proper nature. On entering, you step into a baroque portico, which opens into a pavilioned garden; to your left there is the building, homogeneous with all the other 17th century brick houses of Antwerp, where Rubens ate, slept and conducted his *family* life; to your right is the painter's studio, the facade *as florid and as erudite as* anything in Italy at the time.

The Rubens House embodies a dual temperament: as its owner apparently had no difficulty in combining his Calvinist upbringing with his eventual status as a pillar of the Catholic restoration of Belgium, so his precincts engage on equal terms the solid Flemish and the twinkling Italian.

Hence the domestic part of this building satisfies our puritanical approbation. Not all the the furnishings actually belonged to Rubens, but they are the sorts of things that could have — neat racks of pewter implements; kettles hanging from blackened beams in brick fireplaces; the many tapestries.

According to his nephew, Rubens ate and drank sparingly, attended Mass regularly, and for recreation walked or rode his horse along the ramparts of the city. The tincture of Italy upon his life turned it sensuous but not sensual, which is why the ladies of his paintings, now a by-word for subcutaneous excess, are really glorious if we consider them rightly. All contain the glimpse of a goddess, and you do not subject a goddess to anything so squalid as a weight-watching course.

Rubens was large-minded. His studio had to be large, for *the great triptychs and altar*pieces required by the Counter-Reformation churches. Its exterior offers a certain moral equilibrium for sober Flemish onlookers: the upper portion is graced by figures of the Classical pantheon; its lower part has niches for satyrs and fauns, cheerful emblems of life below the navel; and between the heavenly and the downright earthy, a row of noble mediators — Socrates, Plato, Sophocles, Seneca and Marcus *Aurelius*. While Rubens was painting he had the works of these read to him, and at the same time dictated his own correspondence.

He was a busy man. We know that much of the painting of his great canvases was delegated to apprentices, but even so his output remains prodigious. We have become accustomed to think of artists as subversives, so it surprises us to learn that Rubens was in his time as successful a diplomat as he was as an artist: a man possessed of great personal charm, and something of a polyglot, his services were exploited by most of the Catholic monarchs of Europe.

He is saluted in Italian as a *galantuomo*, and in English with a most lovely title: "Prince of painters." His works were popular in England (the Duke of Buckingham purchased 30-odd), but when he was knighted in 1630 by Charles I, it was in his capacity as peace-maker. Negotiations between England and Spain at that time were delicate and tedious; the letters of Rubens, which are immediately intriguing for the manner in which he conflates Italian with Latin, leave us in no doubt as to the extent to which politics touched his life.

His first wife died and he married again: eventually he retired and sought out the country, where, though oppressed by gout, he produced a series of contemplative landscapes that indicate no withering of his power with the brush. He died in 1640. His house in Antwerp was occupied by William Cavendish, Duke of Newcastle, who was *on the run from Cromwell*. Cavandish did what comes naturally to expatriate English aristocrats: he set up a riding-school in the mini-Versailles that was Rubens' garden. The house itself only came into the possession of the burghers of Antwerp in 1937, and was opened as a museum in 1946. It deserves an excursion. Fuel yourselves with Belgian beefsteak and chocolates and go forth with an open mind unto the glories of the amply-padded *female form*.

Fishing

A dry fly classic rises again

Tom Fort casts an eye over some worthy piscatorial publications

MY CHRISTMAS medal for noble and selfless service to that most literate and sensitive section of the book-buying public — I mean, of course, fishermen — goes to H.F. and G. Witherby. They have done themselves, and us, proud by republishing two classics, both of which have, for far too long, been available only from dealers at prices to make the most dedicated collector wince.

The more important is F.M. Halford's *Dry Fly Fishing In Theory and Practice*. This first appeared 100 years ago and was the trumpet call which announced that a new age in fly fishing had dawned. Although the science of the dry fly was by then established, Halford codified it and made it not so much respectable as essential.

There is much to admire and enjoy in the vigour and clarity with which he sets out the principles. And, as Dermot Wilson points out in his excellent introduction, the book is largely free of the toffee-nosed snobbery about the dry fly's supposed superiority over all other methods which disfigured Halford's later works.

Anyone seriously interested in the development of trout fishing should include it in their collection. Although the price, £25, may seem a bit steep, the book is elegantly and expensively produced — and it is worth bearing in mind that a dog-eared copy of an early edition will set you back four times as much.

The other book from Witherby's is something of an oddity, but one to be treasured. *Drop Me A Line* is a collection of letters between the late master angler Richard Walker and his friend Maurice Ingham. They were written in 1949-50 and are concerned mainly with fishing for carp, then regarded as virtually uncatchable.

How remote that era seems.

They fished with bread and worms and potatoes; now the dedicated carp man uses nothing but high-protein baits as complex in constitution as a dish at Le Gavroche. In those days, a 10-pounder was a big fish; a 15-pounder a giant. Now fish of 30 pounds upwards are commonplace.

The epistolary form contributes to the quaintness of the book, its period charm. But it is also packed with wisdom and humour, and at £12.95 seems good value.

I am somewhat reluctant to say what I think about David Profumo's *In Praise Of Trout* because I have always greatly enjoyed his fishing pieces in the Daily Telegraph and because I am sure he is, to use the saying he quotes from Thomas Coghan, sound as a Trout. But I have to admit that it was an effort to read the book . . . and it felt as if it had been an effort to write it.

Its failing is that there is far too much familiar information about the history and habits of the trout and far too little of David Profumo and the joy he so transparently takes in his fishing. Nor did I think that the paintings by Alan James Robinson were worthy of the large spaces devoted to them. One unfortunate result is that the book, although very short, is too unwieldy to be read comfortably in bed.

For the trout fisherman who wants to put in some serious study these long evenings, I can recommend John Roberts' *A Guide To River Trout Flies* (Crowood, £17.95). Roberts is a tireless educator of the ignorant — (only a year ago my nose was buried in his *To Rise A Trout*.) The new book is a sober, clear and comprehensive companion to its predecessor and the photographs are first rate. If I thought I had it in me to become an expert fly fisherman, which I don't, I would choose Roberts as my guide.

I had intended to end with further mention of David Street's *Fishing In Wild Places*, about which I made enthusiastic noises earlier in the year. However, I hear that misfortune has overtaken the publishers and that the book is out of print and likely to remain so. It is to be hoped that some company will first rescue Street's minor classic and, second, persuade him to write a successor.

Planet Earth

Dolphin dilemma

Dolphins pack in the crowds with their acrobatic performances at Sea World, Florida.

LAST MONTH, a female dolphin calf was born in captivity at the Brighton Dolphinarium. She is the seventh to be born at the Sussex resort since the dolphinarium opened 20 years ago . . . and her prospects for survival are depressingly slim. If she follows the pattern of her predecessors, she will probably survive just a few months; the most she can expect is a couple of years.

November was, in fact, a very bad month for the proponents of what to many people are no more than water circuses. The debate, whipped up by the new arrival at Brighton, was intensified when another female dolphin, called Lady, died after a miscarriage at Morecambe's marine park. She had been at the Lancashire park for only a year — barely an improvement on the previous occupant, which lasted just two months.

Why do Britain's institutions have such a wretched record in keeping their dolphins alive and healthy?

According to Doug Cartlidge, consultant with the Whale and Dolphin Conservation Society and himself a former dolphinarium manager, the issue is simple. As soon as dolphins are placed into an artificial environment, where they are trained and have to perform for audiences up to five or six times a day, they begin to manifest very human complaints. They develop ulcers and skin diseases, suffer from blood disorders and display varying symptoms of ill-health.

This view is supported by Will Travers, director of Zoo Check, who points to the inherent difficulties faced by those who want to keep a naturally wide-ranging animal in a confined space. Dolphinaria, he says, not only face problems of water purity and chemical induction but suffer from the fact that the pool environment is so different from the dolphins' natural habitat. Where, *normally*, dolphins are social animals feeding in groups, in the marine parks they suffer from deprivation of space, company and conditions.

There have been many comparisons made about what it must be like to be a dolphin transported suddenly into an environment such as Brighton's Dolphinarium: the one about asking a man to live his entire life in a furniture van is probably as pertinent as any. Small wonder, when faced with such sensory deprivation, that these animals don't live out their full lives.

This issue of conditions was at the centre of a government report which looked at the whole question of UK dolphinaria. Not surprisingly, it found that standards were unsatisfactory and laid down minimum criteria which must be met by 1993. Critics were disappointed that the report did not go further, and saw it as a let-off for the owners.

This is not an industry unable to defend its own record. The marketing men point to the vast numbers of people who watch their shows and the fact that during every one, they push out a conservation message explaining the importance of looking after the marine environment.

The industry's weakness lies in its inability to answer satisfactorily the question of dolphin health and, especially, that of the captive-reared dolphins. Could it be that they have been designed with the demands of entertainment in mind rather than the well-being of their star performers? You need only to look at the publicity material to have your suspicions confirmed: "See the dolphins retrieving hoops . . . see them taking fish *from* the presenters' *mouths*" (Brighton); "Giggle with delight . . . watch the dolphins leap into stardom" (Sea World, Florida).

The problem for dolphinaria (and, indeed, all zoos) is that the vast majority of their customers find the quality of the ice cream to be as important as the display (good or otherwise) of the live exhibits. Instead of providing valuable education, they endorse the unfortunate message that nature is, like so much else in the consumer society, something that can be packaged to provide a cheap sensation.

The British are not the only offenders; *it is an international* issue. Take, for example, the recent exposé of the trade in Iceland where two orcas (the largest in the dolphin family) were kept waiting for more than six months in a holding pool quite unsuitable for their size, and in water so dirty that it was described as a breeding ground for bacteria and disease. Or the two dolphins which were rescued from a hotel swimming pool in Cairo where they were suffering *from severe malnutrition*.

The cause of such suffering can only be put down to greed and the mechanics of profit. A bottlenose dolphin (the most common captive) has an asking price up to $50,000 (£31,250), while the orca is valued at between $500,000 and £1m.

Such examples do nothing to dampen the passions of those who are intent on trying to develop a programme to release captive dolphins back into the wild. Dolphinaria scorn such attempts, believing them to be impossible. How do you know if you don't try? counter the environmentalists.

Yet, there is another possibility that might, in the end, keep both parties happy. Zoo Check, for example, promotes concerns (such as the Otter Trust) which start with the animals in their own environment and build the experience around them. (The Otter Trust attracts 100,000 people a year to ventures in rural Britain, nearly a tenth as many as London Zoo). Could this perhaps work for wild dolphins, too, in one of *the few places where* they are still resident off the British coast — at Cardigan Bay or the Moray Firth, for instance?

Cartlidge points to the Epcot Centre in Orlando, Florida, where an oceanarium is being built which almost lives up to its name. It contains more than 6m gallons of fresh water treated without chemicals and it is home for schools of fish and eel as well as live coral. More importantly, the dolphins *there are not required to* perform tricks. (By comparison, Britain's Windsor Safari Park contains just 500,000 gallons, is split into a number of pools, and has none of the variety which Cartlidge believes is so vital).

Yet, despite such trail-blazing endeavours, the future for captive dolphins in Britain looks bleak. Some marine park managers say they will make improvements to meet the government standards, but their *records suggests that they* will do no more than the bare minimum. Until they develop a more active policy, they will continue to be a justifiable focus for environmental protest and animal rights campaigns.

■ *The Dolphin Circle, 38 Aldridge Road Villas, London W11; The Whale and Dolphin Conservation Society, 20 West Lea Road, Bath, Avon.*

Tony Landale

The gift of freedom

***Paul Abrahams** on ways to help the 'new revolution'*

THE BREAK-UP of the Soviet empire in Eastern Europe is taking place on such a vast historical stage that it seems almost impertinent to ask how ordinary citizens in the West might help the process.

But many would like to do something, even in a small way, to help the cause of freedom *as the Iron Curtain lifts* and rends. The most immediate need of the Eastern European countries is hard currency with which to rebuild their economies; and apart from the direct aid now being discussed by the industrial nations, the best hope is that Western consumers will buy more goods from the Eastern Europe — but which goods?

With some notable exceptions, the general reputation of Eastern bloc goods for quality has been poor. Eastern European cars have been the most *notorious example*, subject to many wry jokes, for example: "Why do Skodas have heated rear windows? To keep your hands warm when pushing them."

This reputation has led to trade practices which can make it difficult for a shopper to follow a policy of positive discrimination. It is so pervasive that few retailers are willing to admit where their products originate. East Germany, for example, is a source of considerable *quantities of clothes* subsequently sold by West German companies without a label of origin. Similarly, Habitat, the furniture retailer, sells products — *mainly smaller* items — manufactured in Poland, Yugoslavia and Hungary, but the company says the items are not labelled as such.

Despite problems of quality and the unwillingness of retailers to market East European items as such, there are, nevertheless, some products which the liberally-minded shopper can purchase in the knowledge that he or she is obtaining quality merchandise. Most are food and drink.

Though expensive, the best known of these consumables is Russian caviar and vodka. A combined pack at Fortnum & Mason in London's Piccadilly costs £35. The shop admits that the price of caviar has shot up in recent months — you receive 70 centilitres of vodka for £35, but only one ounce of caviar. However, it should be possible to economise by sourcing the chopped onions and boiled eggs needed to go with the caviar locally.

A less extravagant gesture — while nevertheless maintaining alcoholic interest — is Bulgarian wine, which has received numerous accolades in recent years. Bulgarian Cabernet Sauvignon is now the best-selling red wine in the UK — the best-selling white is the inferior German Liebfraumilch.

Less well known is Czech beer, which also has a good reputation. Both Pilsner and Budweiser beers originally came from Czechoslovakia and have recently become more widely available in British supermarkets.

Other foodstuffs worth consideration include Polish dried mushrooms, sesame biscuits, and cherry jam which is reputed to consist of mostly fruit and very little sugar; Hungarian salami, venison and wine; Bulgarian jam, pickles and hams; and Czech pickled cucumbers, which a colleague assures me are excellent. Romanian honey is supposed to be more than reasonable, but might in this context be considered ideologically unsound.

Otherwise, some less consumable products which might serve for Christmas presents include Hungarian china; Czech cut glass (Vitrea is apparently the best); East German cameras, binoculars, china and motorcycles; Rus*sian toys, metal lapel badges* and — conscience and bank-manager permitting — fur coats.

Czechoslovakian Christmas decorations are also supposed to be excellent, or so argues Denis Cox, who handles public relations for the Czech board of trade in the UK. Cox says that the Czechs virtually invented the modern form of Christmas — and can certainly lay claim to King Wenceslas. How these might be identified in a shop presents more difficulties. The distributers are Vitrea (01 253-1625).

Of course, rather than buying East European exports, one option is to visit the countries and spend Western currency there. This winter it is possible to go cross-country skiing in Poland and East Germany, or down-hill skiing in Bulgaria, where the most developed resort is Poina Brasov. Admittedly, the resort is not developed to Western standards, with only 14km of marked pistes, two cable cars, one gondola and seven drag-lifts. But for beginners it represents good value. Inghams (01 785-7777) offers one week's skiing at high season for £206, including flight and half-board. For those looking for adventure and an absence of lift-queues, there is also heli-skiing in the Caucasian mountains.

Another way of helping the "new revolution" is to sponsor academic visits to the UK. The Stefan Batory Trust and Foundation in Oxford has already sponsored 350 Polish scholars since 1962 and is looking for further funds to expand its programme.

Those with friends or contacts in Eastern Europe might also be wondering what would be the most welcome present to give them for Christmas. "Most things are available in Poland," admits Zbigniew Pelczynski, a fellow of Pembroke College, Oxford, and chairman of the Stefan Batory Trust and Foundation, "But only to those with access to hard currency."

The people in Poland need almost everything, but especially tea, coffee and sugar, says Pelczynski. For the Christmas period, currants, raisins and almonds for cakes would also be appreciated, as would chocolate and sweets for the children. He explains that the Poles have nothing equivalent to English lemon sherberts and fruit drops, and that these make an enormous impression on a two and a half year girl he knows.

As is true in most of the Eastern bloc, Poland is also short of soap, toiletries and cosmetics. Those fortunate enough to be blessed with two examples of Boots Christmas toiletry sets might consider sending both to friends in the East. Razor blades are also in short supply.

The Financial Times' Eastern European staff say that elsewhere in Eastern Europe, popular gifts might include felt tip pens (Soviet pens seldom work any length of time and Western pens are used as status symbols), calculators with extra scientific functions, cassettes and cassette players, and personal computers. The computers are often sold to government institutions for local currency and the proceeds used to pay for a car.

The works of formerly banned writers remain difficult to find. Copies of Milan Kundera and Aleksandr Solzhenitsyn would be appreciated, preferably in the original. A *useful* extra stocking-filler might include the works of some West European liberal economists.

If you really can't stand the heat . . .

. . . don't be a porter, says Nicholas Lander

FEW JOBS can offer the prospect of promotion to lavatory attendant. That, however, was the carrot waved in front of George Orwell when he became a *"plongeur"* in the Hotel X, Paris, in the late 1920s. Orwell did not stay long enough to find out which job was better, but his account of his time as a kitchen porter in *Down and Out in Paris and London* is still accurate.

A kitchen porter's position and importance have hardly changed. "KPs" are a vital ingredient in the functioning of any successful kitchen but, because their work is largely unskilled, they can be easily overlooked. Because they work so closely with the chefs their working conditions are the same, if not worse – the heat, the lack of daylight and fresh air and, more particularly, either standing in or keeping their hands in water for large parts of the day and night.

Kitchen porters provide the chefs' and the kitchen's support systems. They also provide a major management problem. Because washing-up is a universal practice, kitchen porters in any large restaurant or hotel can constitute their own United Nations, a situation aggravated by the fact that they are often students, working away from their native country to learn a language. This can mean that the only way to explain any job, and to get it done in time, is to do it yourself. My worst experience as a restaurateur was trying to get two porters from West Africa to work together; they came from no more than 200 miles apart in Africa, but had no common language.

There is also the problem of security. When kitchen wages really were abominable, pilfering was considered by both sides to be a natural way of adjusting the balance. Orwell was paid 20 old francs a day by the doorkeeper, who frisked him on the way out. Today, in London, an experienced kitchen porter can expect to earn £4 an hour plus meals and to hold the trust of his head chef. Many kitchens are at the mercy of their porters, particularly if two join forces and start passing fillets of beef to each other in the used rubbish sacks. If that happens today, it is as much a sign of poor management as dishonesty on the part of kitchen porters.

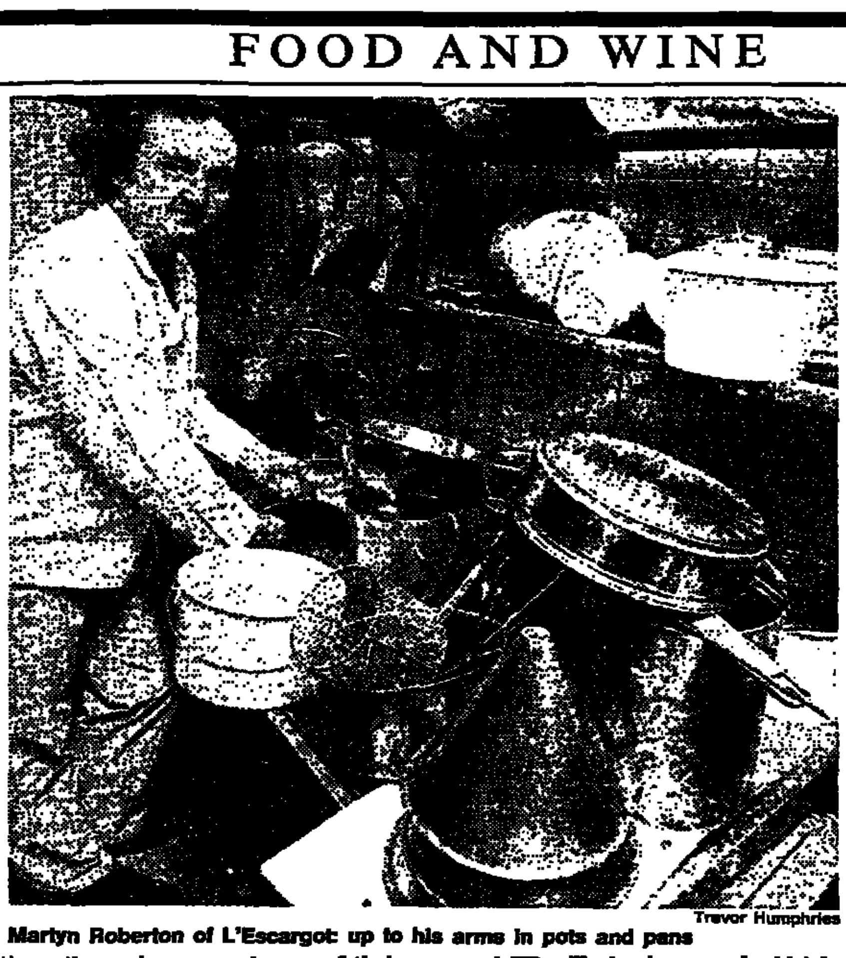
Many chefs recognise this interdependence and truly value their kitchen porters, ensuring their loyalty. Tony Mackintosh, at the Groucho Club in London, now employs as his head porter a Turk who has worked for him at his three previous restaurants. Martyn Roberton has been at L'Escargot for seven years and is now in charge of five other porters. Michel Roux believes that you cannot be a great chef without understanding your kitchen porters.

To give full support to a very busy kitchen there will be a rota of porters from 9 am, or even earlier in the hotels, to 2.30 am the following morning. They will work an eight-hour shift. A porter's normal morning welcome will be a sink full of dirty pots and pans. These will have emanated from the chefs who have started work earlier – often the pastry and vegetable chefs – and will be his first and most important job as the pans are in limited supply and will soon be wanted by all the other chefs. The sink for the pots and pans will never be empty as the chefs prepare for lunch.

There are, however, other tasks. All the food and wine deliveries should come in between 9 am and 11 am and the porters must check everything in and put it all away correctly; the dishwashing machine must be filled ready for lunch; the chefs' breakfast, usually a fry-up, is cooked at about 10 am; the floor will be cleaned at least twice in the morning. And attention has to be paid to anyone who shouts "Bin change."

At around 11 am, as some routine is established, a kitchen porter may have the luxury of a short trip outside, to a local store or market to fill a missing delivery. He'd better be quick as, with lunch approaching, there is now more to look after than just the kitchen. As the restaurant wakes up with the arrival of the waiting staff, they must be sent all the necessary clean crockery and cutlery, the service stations must be filled and the plate warmers and plate covers cleaned and checked. Just before lunch the floor will be cleaned for the third time.

The lunch service is often relatively quiet for the porters enabling at least one of them to eat lunch. Soon, however, the dirty crockery and cutlery starts arriving. As restaurants have begun to impress with their plate settings, they ask more and more of their porters, particularly as the price of chinaware rises.



Trevor Humphries

Martyn Roberton of L'Escargot: up to his arms in pots and pans

Today, a large oval bone china dinner plate costs £10; if a porter drops a tray of these, crash go the restaurant's profits for the day. The settings are also numerous, comprising on average 10 pieces of crockery per person, 10 pieces of cutlery and at least three glasses. All of these must be cleaned twice, after lunch and dinner. It is no wonder that the lunch service which starts at 1 pm can finish for the porters at 6 pm when all the cutlery is finally sent back to the restaurant.

The two major changes in a porter's role since Orwell's time have been in hygiene and the amount of culinary equipment in the kitchen. Orwell could not get over the difference between the filth of the kitchen and the splendour of the hotel's dining rooms, but today's kitchens are conspicuously clean – at least if the chefs want them to be and the kitchen porters do their jobs. Although machines have taken some of the awful drudgery out of the porters' jobs they have added to the noise and heat. They also require extra skills, and a good KP will also be a good odd job man, able to fix a light fitting in the restaurant or a leaking dishwasher.

The chefs eat lunch while the kitchen is cleaned thoroughly. Tradition dictates that the chefs clean their own equipment, knives and stoves, and the porters are responsible for everything else. Once this is over it is back to the pots and pans as the kitchen gets ready for the evening service. The rubbish has to be collected and put out for the late afternoon collection – numerous heavy, wet rubbish sacks and many more used fruit and vegetable boxes – a process repeated at midnight.

Orwell believed that every kitchen porter wanted to be called a *dèbrouillard* – a man who is told to do the impossible and will get it done, somehow. But kitchen porters enjoy the team spirit of a good kitchen, the warmth and companionship of working together towards a very definite goal – the clock on the wall which will herald the beginning of yet another service. As one kitchen porter confided to me, he liked his work because, in one way or another, every day was different – and all chefs are crazy . . .

Johnson's epic heads a vintage selection

Edmund Penning-Rowsell picks the best of a batch of wine books for Christmas reading

HUGH JOHNSON'S *The Story of Wine* (Mitchell Beazley, £25, 490 pages) is monumental in every sense: in historical detail and depth, in world-wide range, in length (250,000 words) and even in weight (almost 4lbs). The work is not only a *tour de force* but a *test of literary stamina*.

Although not directly associated with the author's recent British television series, this provided a kind of libretto and enabled him to visit ancient sources of wine in Transcaucasia, Egypt and Greece as well as providing unusual opportunities to tour wine areas in production today all over the world.

The book is divided into five sections. The first is occupied by wine-making and drinking in the ancient world. The second deals mainly with the Middle Ages and the development of wine trading until the invention in the 17th century of the storable cylindrical glass bottle, which made possible the storage and maturing of wines, especially fine wines.

Then follows a series of chapters each devoted in considerable detail to a single wine and its background, including claret, champagne, port and tokay. The fourth part is taken up with the 19th century and its periods of hitherto unequalled prosperity and of disease-ridden disaster. The final section describes the generally depressed wine industry in the first 50 years of this century, and the New World challenge to the Old, but stops short of the revival of prosperity in the last 20 years and the increase in consumption of better, technically improved wines.

Although the story is told in an easy, unaffected style, its denseness as well as its length makes it a formidable read, and in places some historical detail surrounding a wine region or an individual wine might have been reduced to the advantage of the reader. Few, however, will expect to take it in one extended gulp; they should use it as a unique work of reference, and one to be absorbed in quaffable quantities rather than swallowed in large draughts.

Earlier this year, in the Pompidou Centre in Paris, was held an exhibition devoted to the châteaux of Bordeaux. Supplementary to it – half as a catalogue, half as a textual accompaniment to the pictures and a verbal enlargement of the subject – distinguished authors were commissioned to write on different aspects of the past, present and future of wine architecture in the Gironde.

All this has now been put together in a finely-illustrated, handsomely-produced book that has been translated into English as *Châteaux Bordeaux*, edited by Jean Dethier, (Mitchell Beazley, £25.00, 259 pages). The contributors include Professor René Pijassou, who writes on the history of the Bordeaux Vineyard, Nicholas Faith on the wine economy of the Bordeaux châteaux, and Robert Coustet on the wine trade and city of Bordeaux.

However, it is by no means all history. A series of detailed, competitive plans and reports are reproduced for the reconstruction of the semi-abandoned Ch. Pichon Longueville Baron. Then there are plans and description of the re-development in the famous but run-down Chartrons areas of the premises of the merchants Cruze and de Luze. And, most exciting, a competition was organised for the Pauillac property of Duhart-Milon (now belonging to the Rothschilds of Lafite) which has never had a château.

Six architects were invited to submit plans for a château situated on the banks of the small stream which separates Pauillac from St. Estèphe and which is subject to flooding. The stimulating designs, much influenced by the waterside factor, are all reproduced. The winner was the English team of architects, Jeremy and Fenella Dixon, and Mark Pimlott. The whole imaginative project, which took two years to plan and execute brilliantly, has evolved into a fascinating book.

Hugh Johnson: immense work

Kermit Lynch started as a wine merchant in Berkeley, California in the early 1970s and then set out on a tour of the French vineyards that in essence has never stopped. This forms the basis of *Adventures on the Wine Route* (Bodley Head, £12.95, 271 pages).

Determined wherever possible to import direct and in refrigerated containers to protect the quality of his purchases, he avoided merchants where he could and instead sought out generally small, individual and often eccentric growers, from Sancerre and Vouvray on the Loire to Cassis and Bandol on the Mediterranean coast. He developed strong views in favour of traditionally-made, little-chemically-aided, unfiltered wines, and against oenologists, new oak barrels (unless cautiously employed), stainless steel vats for white wine fermentation, numerical evaluation of wines' qualities and blind tastings to determine their rating.

One does not have to agree with the author all the way to enjoy his book, which consists largely of wonderfully recalled word-for-word discussions with dedicated growers. There is a good deal of information, all written in a deceptively ambling, near-conversational style that contributes to making it one of the most engaging books on wine published for some years.

After nearly 20 years without a serious successor to the late Patrick Forbes' classic *Champagne* (1967), Don Hewitson's *The Glory of Champagne* (Macmillan, £18.95, 176 pages) is the fourth new book on the subject in as many years. This suggests that the marked growth in champagne consumption has encouraged a new desire to learn more about this complicated wine.

What does this latest author, a London champagne bar/restaurant owner, have to offer in comparison with the others? It is less comprehensive than Tom Stevenson's *Champagne*, for he writes chiefly about the marques he particularly favours. It is less history-orientated and analytical than Nicholas Faith's *The Story of Champagne*; less adulatory than Serena Sutcliffe's *A Celebration of Champagne*. However, it is written with enthusiasm in a relaxed, easy-running style appropriate to the subject.

Hugh Barty-King's *The Taste of English Wine* (Pelham Books, £15.95, 209 pages) is initially a comprehensive historical guide to English viticulture, a subject that he demonstrates as existing continuously since the Norman Conquest; he denies that the increasing supplies of French wine bought by the English monarchs and their courts led to a sharp decline in viticulture in the UK.

Barty-King follows the record through until the revival in 1952 when Sir Guy Salisbury-Jones started his 1½ acre Hampledon vineyard. Much of the rest is occupied by descriptions of the vineyards now in operation in a surprising number of UK counties, and on the general state and conditions under which viticulture exists. A useful appendage to this is Stephen Skelton's *The Vineyards of England* (S.P. & L. Skelton, £9.95, 285 pages), a very comprehensive guide to over 350 vineyards, not all of which are open for visits by the public.

Rosemary George, who has written an excellent book on Chablis, has in *The Wine Directory* (Longmans, £18.95, 394 pages) produced a comprehensive, alphabetically-arranged work of reference about every aspect of wine: grapes, including the more esoteric varieties, vineyards and properties, wine-making methods and terms current all over the wine-producing world. With more than 5,000 entries, the details of many of the wines are succinct, informative and critical. The book also makes excellent casual reading.

The third issue of Christie's attractive *Wine Companion* (Webb & Bower, £16.95, 160 pages) has a new editor, Pamela Vandyke Price, and a new team of 14 contributors. The editor has also written five articles, including an interview with the oenophilic British Ambassador in Paris, Sir Ewen Fergusson. A book for post-prandial bedside reading.

The new edition of Robert Parker's *The Wine Buyers' Guide* (Dorling Kindersley, £14.95, 800 pages) is even larger than the one published two years ago and covers a rather wider range of vintages: for France mainly the '85s and '86, rather further back for Italy and in greater detail for California, Oregon and Australia.

There are also long notes on vintages and wines recommended on Parker's well-known 50 to 100 scale, less popular here than in the US. His assessments are generally very reliable, though Hugel of Alsace is unlikely to take all that kindly to his comment: "I have never felt that Hugel tries very hard with its Riesling" – the wine that all serious Alsace growers treasure most.

Compared with a mere 4,000 wines mentioned in Parker's book, Oz Clarke's *Webster's Wine Guide 1990* (Websters/Mitchell Beazley, £9.95, 432 pages) claims to include more than 15,000. If the tasting is less in depth, the speed of description is breathless and not confined to academic English. But the advice on what and where to buy is sound, as is, in my view, his recommendation to abstain from almost all low-alcohol and non-alcoholic wines.

The *1990 Which? Wine Guide* (Consumers Association & Hodder & Stoughton, £9.95, 704 pages), edited by Roger Voss, reports objectively on the surprisingly large number of wine outlets in Britain and on the wines from 30 countries that supply them. It provides a useful alliance with *The Good Food Guide*. One point of criticism is that the "best buys" appended to the notes on each merchant's list are almost exclusively restricted to the less expensive wines, and are based on low considered prices. More relatively high-priced wines might be so designated – even wines priced upwards of £10.00 can be "best buys."

Food for Thought

Alternative pud . . .

Giles MacDonagh samples festive desserts

WERE IT NOT for the daily crop of Christmas cards from public relations companies falling with a thud on my doormat, I should be quite able to forget about the impending gloom of another British Christmas.

Those cards, that is, and the brooding presence in my kitchen cupboard of a Marks and Spencer "Grand Marnier and Brandy Christmas Pudding with Walnuts and Almonds." Quite a mouthful, that pudding, especially after the foie gras, the stuffed goose and the French cheeses (I am still in mourning for unpasteurised Stilton) which constitute a family Christmas. Not that the saintly pudding is bad – it is actually rather good – but it is not *quite* the thing for the 25th.

Predictably, the French have strong views about British Christmas puddings. I knew a French family who used to shake with rage when the subject of the Yuletide pudding came up. It transpired that every year they received one in the post, sent by some proselytising English friends. Their furious reaction to this present used to amuse me so much that it was a while before that I discovered why they hated the thing: it turned out they were neglecting to steam it.

There is far less rigour to a French *reveillon* than there is to our formula Christmas dinner: virtually anything goes as long as it is good. Oysters, white boudins flecked with truffles, or foie gras come first; roast lamb, duck, goose, turkey or wild boar comes next, then,after cheese, dessert: a *buche de noel* or some other delicious patisserie bought from the best local baker.

Wholesaler Julian Tomkins, of La Maison des Sorbets, characterises Britain as "a cream-based culture." Twenty years ago, every area in Britain possessed a shop selling gooey cakes surmounted by an inevitable crown of whipped cream. Nowadays, such shops have become a considerable rarity, and French-style patisseries could well become more widespread.

La Maison des Sorbets now employs some 50 chefs divided between the patissiers and the ice cream makers. Most of his patissiers come from Angers in the Loire Valley and the local spirit – Cointreau – finds frequent expression in their cakes. La Maison des Sorbets's products are available from Harrods, Partridges of 133 Sloane Street, (01 730-0651), and Mr Christian's delicatessen in 11 Elgin Crescent, Notting Hill, W11 (01 229-0501).

Another wholesale patissier who is playing a leading role in the transformation in Britain's cake culture is the wholesaler Michael Nadell in Islington. Nadell points out that the bad times for native cakes occurred during the 1960s when apprenticeships came to an end and the corner shops were replaced by supermarkets selling production-line cakes.

Through his own business he is currently training a new generation of patissiers who are even now making their mark in Britain.

Providing you ring first (01 833-2461) you may obtain Nadell's creations directly from the workshops. Nadell is also currently looking for a site or two on which to instal a salon de thè.

One patissier who has successfully translated something of the Parisian idiom to the British capital is Canelle, at *166 Fulham Road, SW10 (01 370-5573)*. The only fault you are likely to find with Canelle is the ridiculous design which the architect has imposed on the shop. A largely frosted glass frontage effectively prevents you from getting more than a glimpse of what is going on inside. A patissier's livelihood depends on people giving in to temptation. Most of the locals I have spoken to are oblivious to its existence.

This Christmas Canelle is adding *buches de noel* (Christmas logs) to their usual range, including one exquisite one flavoured (like M & S's pudding) with Grand Marnier. Another shop in the same area which has excellent patisseries is Les Specialites St Quentin, at 256 Brompton Road, SW3, telephone 01 225-1664, which does a fine chocolate log decorated with the usual schmalzy Christmassy scenes.

The most magnificent Christmas log I have seen this year came from At Home of 40 High Street, Cobham, Surrey (0932-62026). The cake came posted with meringue snowmen and sprouting with mushrooms. A profusion of holly, bells, miniature crackers and woodcutters's axes added to its appeal. It was good to eat too, as were their lemon tarts and choux pastries.

Of course the alternatives to Christmas puddings are legion. Most Italian shops have panfortes and pannetones which Tuscans and other Italians dunk into their Vin Santo wines; my local supermarket is offering pure Dresden Stollen, untainted by Ministerial corruption; and if your tummy's up to it, Spanish shops provide a wide range of turrons. Personally, I think I shall have the lot, including the St Michael pudding. There are 12 days of *Christmas, after all.*

Cookery

Raise your glasses to a pie

Philippa Davenport bakes a tasty seasonal treat

IMPRESSIVE meat dishes have strong associations with Christmas. Roasted swan and peacock have fallen from fashion now and few of us have dining rooms sufficiently large for the cortege of trumpeters needed to herald the arrival of a boar's head stuffed with gilded apples, led in procession by acolytes carrying the mustard and salt and followed by the cook brandishing the carving knife.

The sideboards of many less than palatial households might benefit, however, from the panache of a traditional raised pie this Christmas.

Raised pie
(serves 8-10)

Some people like a pork filling best, particularly when it is made piquant by the inclusion of chopped anchovy fillets rather than a mere dab of anchovy essence, but our family favourite uses the combination of chicken, bacon, veal and mushrooms given here. For a game pie, whether feathered or furred, simply replace the chicken meat with 1 lb 6 oz of skinned and boned raw game, substitute fat boneless belly of pork for the bacon, use 4-5 tablespoons of brandy instead of lemon juice, and select herbs and spices to complement your chosen game. A hinged and fluted pie mould is the traditional choice for shaping a raised pie but a 9 in round cake tin with spring-clip sides and removable base makes a fine alternative.

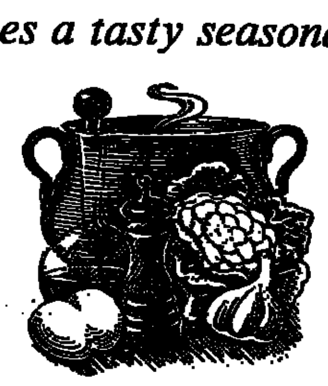
For the filling: one 4½ lb roasting chicken; 1 lb streaky bacon; ¼ lb pie veal; ½ lb mushrooms; the juice and zest of 2 lemons; a bunch each of parsley, chives and tarragon; 1 teaspoon ground allspice; ½ pint well-flavoured jellied stock made from the chicken carcass and a pig's trotter.

For the pastry: 1 lb plain flour; 4 oz lard and 1 oz dripping or butter; 6 fl oz water; 2 eggs.

Skin and bone the bird. Cut the raw meat into slivers and put it into a bowl. Sprinkle with the allspice, lemon zest and juice, toss, cover and leave to marinate in a cool place. Use the chicken carcass and giblets (excluding the liver), and the pig's trotter, to make stock.

Chop the mushrooms and chicken liver. Saute them in a little butter and set aside to cool.

To make the pastry, first separate one of the eggs and put the yolk into a large mixing bowl. Cover it with the sifted flour mixed with 1 teaspoon each salt and black pepper.



Melt the diced fats in the water in a small pan and bring to a fast boil. Quickly tip the contents of the pan into the flour bowl, stirring the flour vigorously with a wooden spoon as you pour.

Keep stirring until the mixture forms a ball leaving the sides of the bowl clean, then turn it out and knead briskly to a smooth dough. Cover with the upturned bowl and leave for exactly 15 minutes. (Timing is important as the key to moulding hot water-crust lies in using the dough when it is just warm enough to be malleable. If it is too hot it will slide down the pie tin; if too cold it is very difficult to shape.)

While the pastry rests, lightly grease the pie mould, and finish the filling: Mince the bacon and veal very coarsely, mix these meats with the chicken, add the mushroom mixture, chopped herbs and a lively seasoning of salt and pepper.

Leaving a generous quarter of the dough under the upturned bowl, put the rest into the mould. Shape it over the base, work it gradually up the sides of the mould and extend it nearly ¼ in above the rim at the top. Work fairly quickly, pressing lightly but firmly with your hands to make the pastry lining smooth and even. Beware hairline cracks, which will encourage juices to leak out during cooking, and thin patches of wall, which could collapse when the pie is unmoulded.

As a further precaution against seepage, brush the pastry lining all over with the leftover egg white. Then spoon in the filling, packing it well into the corners and mounding the centre top nicely.

Roll out the remaining pastry to make a lid. Put it on top of the pie. Damp the edges of the lid and press and seal them to the edges of the pastry walls. Then gently ease the sealed pastry edges slightly inwards and upwards to make a rim that stands proud of the mould. This is important because, if the pastry is sealed against the mould, it may stick as it cooks and subsequently tear during unmoulding.

Make a steam hole in the centre of the lid and hold it open by inserting a piece of rolled card. Beat the second egg lightly with a fork and use it to glaze the top of the pie. Decorate with pastry trimmings and glaze again. Bake the pie on a baking tray for 20 minutes at 425 F (220 C) gas mark 7, then at 350 F (180C) gas mark 4 for 1¾ hours, reglazing the top of the pie at regular intervals.

Let the pie rest at room temperature for 30 to 35 minutes, then carefully and gently ease the sides of the mould away from the pie. Glaze the pastry sides and return the pie to the oven for 15 minutes or so to colour the sides.

Cool the fully cooked pie for five to 10 minutes before pouring into it as much of the stock as is needed to fill any unseen gaps in the filling. The stock should be cool but not set; if made a day ahead it will need to be melted gently. Pour slowly to avoid flooding.

Let the pie stand in a cold larder for at least eight hours or until completely cold before cutting and serving. Do not attempt to cover the pie until it is stone cold or the pastry may turn sadly soggy.

HOW TO SPEND IT

***Lucia van der Post** picks some potential presents for those who are lagging behind in the run-up to Christmas Day*

Last-gasp ideas for the late runners

Perudo, an ancient Peruvian game, £85 from Inca, 45 Elizabeth Street, London SW1

Hand-knitted Jamie & Jessi Seaton sweater, £250 to £350

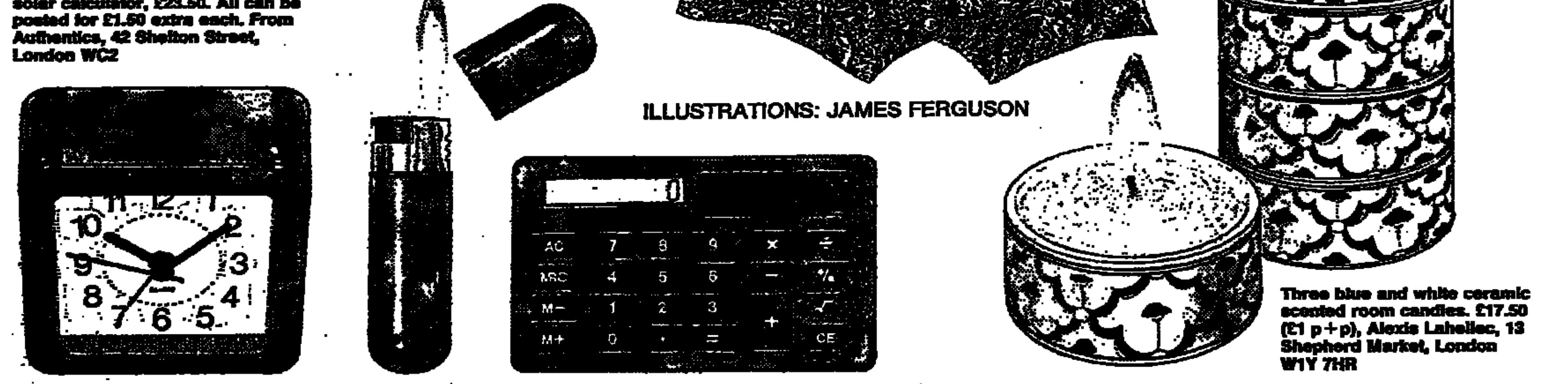
Satin evening bag by Prada, £150 (£2 p+p) from Browns, 23-27 South Molton Street, London W1

Velvet or suede pump, £95. Emma Hope Shoes, 33 Amwell Street, London EC1

Tapestry bag, £58 (£3 p+p), The Beauchamp Place Shop, 55 Beauchamp Place, London

Gold silk brocade waistcoat, £135 (£2.50 p+p) from The Waistcoat Gallery, 2 New Burlington Place, London W1. Wooden painted cat, £38, Soho Design, 283 Kings Road, London

Three small accessories in faux tortoiseshell. Quartz alarm clock, £36.95; cylindrical lighter, £18.50; solar calculator, £23.50. All can be posted for £1.50 extra each. From Authentics, 42 Shelton Street, London WC2



ILLUSTRATIONS: JAMES FERGUSON

Three blue and white ceramic scented room candles. £17.50 (£1 p+p), Alexis Lahellec, 13 Shepherd Market, London W1Y 7HR

IT'S THE last lap of the annual marathon known as Christmas. Some there may be whose presents are all bought, wrapped and labelled, whose trees are decorated and food all ordered. Others there are whose lists are still as long as ever they were. For those who have, as always, left the whole frenetic business to the last minute, here are some suggestions that may just solve a few Christmas-related problems.

■ A very special present would be an original antique American quilt. Susan Jenkins has long been a collector and lover of the genre and this year has a selling exhibition at The Antique Textile Company, 100 Portland Road, Holland Park, London, W11. There are some 100 quilts in the collection, ranging from fairly simple but decent, usable ones at about £200 a time up to the more rare and interesting ones which are in the £2,000 range. Look out particularly for the Princess Feather, worked with padded orange and an interesting scrolling surround.

■ If Christmas finds you overworked, underplanned and frantic try Shortcut, a new service promising to sort out some of life's small practical difficulties. Shortcut aims to provide any service the client requires, from opening 800 Tasmanian oysters an hour before drinks to finding a hand-made suit of armour for a man in Hong Kong (no, they won't say what he wanted it for).

The Shortcut people will find interesting or appropriate venues for parties, big and small, and think of and organise themes, settings and the catering. They'll also find you a cleaner, nanny/au pair, do your shopping, window cleaning, decorating and cooking. They will track down theatre and any other tickets, and their latest venture is to deliver, to your door, bought and wrapped presents and stocking fillers.

What, I can hear you asking, does all this cost? As each job is different estimates are given individually, but when it comes to shopping *for* Christmas presents it will cost about £35 to have three presents bought, wrapped and delivered (on top, that is, of the cost of the present). The price charged per present goes down the more presents you order. Shortcut is at 1 Westgate Terrace, London, SW10. Tel. 01 244-9986.

■ If you have almost everything you need and there isn't a lot you want, you might like to celebrate Christmas by giving a tree to the nation in honour of your nearest and dearest. Many parks in the UK will go on suffering for years from the devastation of the storms of '87, so those who give new trees can make a real difference to their future. Most parks have schemes; in London you could start with Holland Park. You can either order a tree from a nursery or do it all through Alan Regan (ring him on 01 602-9483) who will organise a site visit, advise on the sort of tree to buy and arrange the planting. Trees cost from about £20.

■ Perudo is a game with a difference. It is an ancient Peruvian pastime which depends on three or more people throwing dice, bluffing and double-bluffing their way to victory. It needs no board and the cups and boxes are hand-made by artisans working in Lima, which adds a certain something to the game. The nicest version comes in a hand-tooled wooden and leather box and sells for £85 (plus £5 post and packing) but there is a lighter, travelling version, in which the throwing cups and the dice come packaged in hand-woven traditional Peruvian wool. This costs £34 (plus £2.50 p+p). Buy either version by person or by mail from Inca at 45 Elizabeth Street, London SW1 or 61 Kings Road, London SW3.

■ For ethnic presents of a rather high order it is worth knowing about Kikapu in Docklands. This is a new shop fashioned out of the redevelopment of the vaults of Tobacco Dock, which was originally built between 1811 and 1814 by Napoleonic prisoners of war as a centre for trade in tobacco, wool, skins, marsala and brandy. There you will now find kilims from Anatolia, baskets from Kenya, painted elephants from Rajasthan, strings of Ethiopian silver and amber, lacquered baskets from Thailand and wedding necklaces of the Masai. Kikapu is at 48 Tobacco Dock, Pennington Street, Wapping, London E1 1AA.

■ For something hand-knitted or hand-painted go to Muir & Osborne, 138 Regent's Park Road, Primrose Hill, London NW1 8XL. Choose from a hand-painted tie by Georgina von Etzdorf, about £25, or a ravishing hand-made sweater by Muir & Osborne, (formerly better-known as Warm & Wonderful) from £80 to about £200. They do great big thick floral jackets, a marvellously romantic way of keeping warm, from £150. Then there is china by Mary Rose Young – hand-made mugs (£27)and jugs (£48) with three-dimensional roses on them, and some spectacular papier-mache urns by Steve Wright, covered with gold paper, roses, jewels, and sweet-papers (£250).

■ One truly wonderful hand-knitted sweater makes a sumptuous Christmas present, and Jamie & Jessi Seaton's designs are more sumptuous than most. All have the sort of rich, exotic look that only comes with the one-off. Themes are often based on the rich geometric patterns found in carpets from Turkestan and the Orient, or on the animals, fruits and flowers found in Chinese silks.

Colours are varied – choose from backgrounds of cream, black, purple, cranberry, brick-red. Winter sweaters are 100 per cent wool; summer ones come in pure cotton. Prices range from £250 to £350. Among the stockists are Browns 23-27 South Molton Street, London W1Y IDA, Paul Smith, 41-44 Floral Street, London WC2 and 23 Avery Row, London W1 and Whistles, Sloane Square, London SW3 and St. Christopher's Place.

If you're looking for something for a chap who likes old-fashioned quality, nothing too startling nor too outré, then you need look no further than Hackett Shops. Try, for example, a full-length, roll-collared pure wool dressing gown in navy, wine and red with contrasting piping, £79. Then there are tartan flannelette pyjamas for those living in draughty stately homes, £45, or plain, white cotton ones with red or blue piping for the more privileged living in centrally-heated suburban villas, £39. Hackett shops are at 65 b New Kings Road, London SW6, 27 King St, London WC2, 1-2 Holborn Bars, London EC1 and 26 Eastcheap, London EC3.

■ More goodies for chaps can be found at Malcolm Levene, 13-15 Chiltern Street, London W1M. Besides the usual kit – shirts, ties, socks – Levene has some original British railway buttons, a North American Indian penknife (£79), old watches from the 1920s for about £150 a time, and some very dashing dressing gowns (from £129) and silk pyjamas (£289).

■ Shoppers coming to London and heading for that exclusive little area that takes in Harrods, Harvey Nichols and Sloane Street might like to know that they need not slog from shop to shop carrying ever-heavier burdens.

Last Christmas the Hyde Park Hotel ran what it called a Christmas shopping service for Knightsbridge – weary shoppers could take tea in the drawing room while the packages and parcels they bought during the day were collected for them. It was such a success that they are running it again this year, on every weekday and Saturdays from 3 pm to 6 pm from now until Christmas.

Once you've done your shopping you head for the hotel and there you order tea. At £9 a time you will be served smoked salmon sandwiches, freshly-baked scones with home-made preserves and clotted cream, pastries and a selection of 12 different teas. While you sit in civilised comfort "collection ticket" page boys are despatched to collect your purchases, free of charge. A taxi service on stand-by will pick up guests who need transport from the hotel. You will also be able to buy individually gift-wrapped Christmas pudding, made by the head chef, Ms Bonin.

■ What could be nicer on Christmas morning than a great big box of perfect apples? Buy them straight from the farm – Charlton Orchards, Creech St. Michael, Taunton, Somerset (0823 412-979) will post a 6 lb Christmas pack of crisp dessert apples anywhere in the UK for just £7.50, including the postage. Choose from Coxes, Suntans or a mixture of both. With the box comes a helpful leaflet on how to store them (in a cool place).

■ For chocaholics, hand-made chocolates are the ultimate taste sensation. Gerard Ronay, son of food writer Egon, went to France to learn the trade and now has his own smart new "laboratoire" in north London. A ½ lb (about 20 chocolates) is £8.00; a 1 lb box (about 40 chocolates) is £15 and 1 kg (roughly 2.2 lb and about 85 chocs) costs £30. You can buy direct from his shop at 28 Hartland Road, London NW1 or from Anthony Worrall Thompson's shop, KWT Foodshow, Bellevue Parade, Wiseton Road, London SW17. Ronay will also deliver within the London area for £2.30 a time. For further details telephone 01 267-9782.

■ If you are going "green" this Christmas then organic food is what you need. Anyone within driving distance of Church Farm, at Strixton, Northants, can find a whole range of produce all farmed and harvested in traditional, organic agricultural ways. The farm is owned and run by Douglas Austin who from his farm shop sells an abundance of home-produced poultry and game (chickens, ducks, geese, pheasant, partridge, hares, rabbit, pigeon and wild duck), honey, farmhouse cheeses, fresh, organically-grown vegetables, herbs, wild flowers, trees and mushroom compost. Also "pick your own eggs" – free range of course. Church Farm is off the A509 between Wollaston and Bozeat. The Farm's shop is open from 9 am to 6 pm Monday to Friday and from 9 am to 5 pm on Saturday.

■ For the design-conscious set you could choose almost anything from either Oggetti (100 Jermyn Street, London SW1Y 6EE and 133 Fulham Road, London SW3 6RT)) or Authentics, Shelton Street, London WC2.

From Oggetti you could pick a set of austerely-plain cherry-wood boxes made to traditional Shaker designs (varying sizes, ranging from £17.95 to £40), or one of the faithful reproductions of 1920s Bauhaus toys, including building sets at about £30. Green gardeners will go for the Sissinghurst watering can in a big way (£29.95) while if you must give a toiletry bag, then buy it from Oggetti – with chic stripes or spots, they start at £6.40.

Authentics is the place for all those impeccable small things that the design-conscious love – 1930s-style pens, as well as Mont Blancs and Pelikans, wonderful vases and cocktail jugs, amazing egg-cups and the most beautiful chandelier I've seen in years.

■ Authentic greens need not worry too much about chopping down pines for Christmas trees – almost all are grown specially for the purpose and are, in any event, replanted as soon as they are pulled up. According to the British Christmas Tree Growers' Association (12 Lauriston Road, Wimbledon, London, SW19 4TQ) this year's trees are liable to look good but, because of the dry summer, may not have as much moisture in them as usual. So it is more important than ever to buy one fresh and to mount it in a water-holding stand. Do NOT, if you want it to go on looking good until Twelth Night, simply plonk it in sand.

Noble firs and Nordmann firs are the names to ask for if you don't want them to lose their needles but these are still hard to come by and are much more expensive (between £20 and £25 each) than the more usual Norway spruce (between £8 amd £10). The Fulham Palace Garden Centre, Fulham Palace Road, currently has a large selection – prices start at £17.50 for a 5 ft to 6 ft tree and go on up to £48 for a 10 ft to 15 ft tree.

This is also a good place to go for decorative foliage of all sorts – there are more than a dozen different varieties currently on sale. And for those who believe that Christmas is a time to do more than just indulge oneself and one's family it is worth knowing that The Fulham Palace Garden Centre is run by the Fairbridge Drake Society, a charity concerned with youth unemployment in inner cities.

If you want to know more about how to look after your tree, or if you want the address of a local stockist who will supply you with a fresh one, ring 01 946-2695 or write to the British Christmas Tree Growers' Association for details.

The best books to hook cooks

THOSE already aware of either Cooks Books or Jacksons of Ilkley will not thank me for bringing their names to a wider audience. Any current user of their antiquarian or second-hand cookery and wine book catalogues will know just how quick off the mark they have to be to secure an order once one of their catalogues appears.

That these two businesses have prospered in the past 15 years is not only a tribute to the hard work of Tessa and Mike McKirdy at Cooks Books, and Kate and Tom Jackson, but also to our growing interest in food and wine. Both companies number chefs, restaurants, wine and food writers among their customers and Tom Jackson cites as one of the perks of his job the chance to swap recipes over the phone. Cooks Books is the older, having started in 1975, and tends to deal predominantly in antiquarian books – their stock is on average 10,000 books. They issue a catalogue three times a year and virtually all their trade is by post – visitors by appointment only.

Their 90-page catalogue ranges from the 16th century to the present and in price from £1 for *Cooking Guyana Style*, issued by the Guyana Ministry of Information in 1982, to £1,850 for five volumes of Carême's. *L'Art de la Cuisine Francaise au Dix – Neuvième Siecle.*

In addition the McKirdys keep their customers on their toes with a schoolmasterly report called "Jottings from the Dean." This gives a brief account of what they have been up to scouring the world, its libraries and auction houses on their customers' behalf. McKirdy would not be drawn on whether antiquarian books provided a good investment; however he did add that they are in short supply and great demand and that the price should continue to rise if the quality is right.

The Jacksons' catalogue appears five times a year and although smaller, listing 450 books, is just as appetising. Kate Jackson, a former Head of English at a south London comprehensive, also runs a childrens' book list with a catalogue sent out three times a year from the same address.

Because Jackson's catalogue deals in second-hand rather than antiquarian books the prices are lower. There are many at £5 or less; the most expensive in the present catalogue is a 1789 book, *Cookery and Pastry*, written by Mrs Maciver in Edinburgh, for £175. Dealing with Tom Jackson is a delight, his interest in food comes over on the phone, orders arrive lovingly packaged and even his invoices bear a personal touch, written in his distinctive italic script.

As the price of good food in restaurants has escalated, the Jacksons and McKirdys may now offer as valuable and lasting a contribution to the world of gastronomy as any top chef.

Cooks Books. T and M. McKirdy, 34, Marine Drive, Rottingdean, Sussex BN2 7HQ. Tel: 0273-302707.

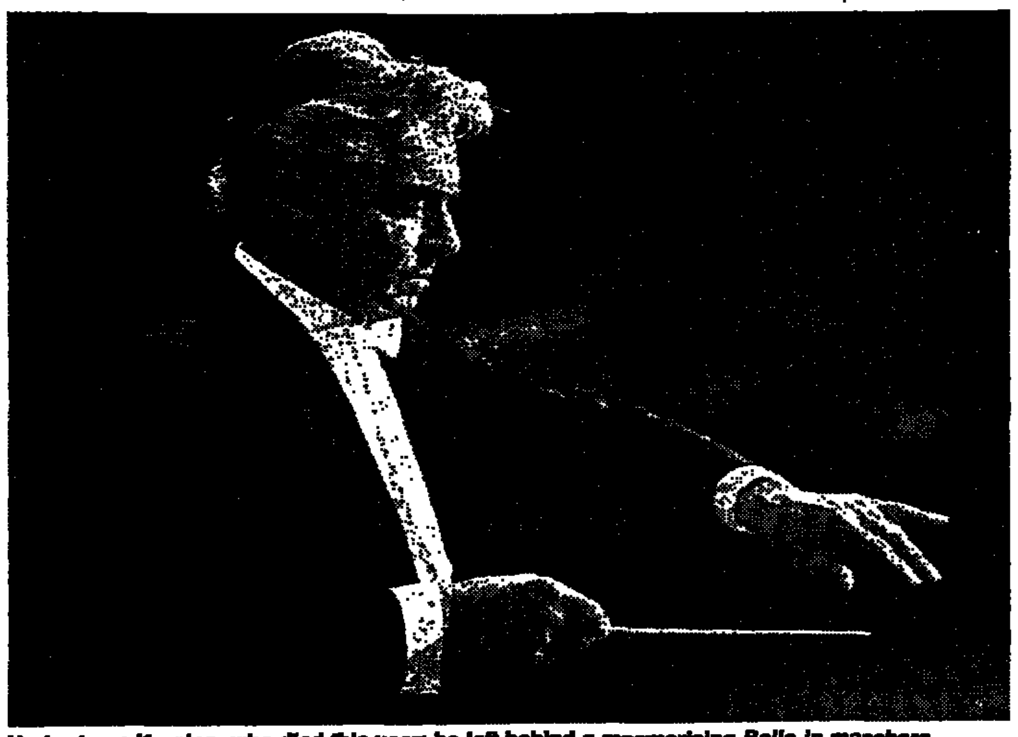
Kate and Tom Jackson, 22 Parish Ghyll Road, Ilkley, Yorkshire LS29 9NE. Tel: 0943-601947.

Nicholas Lander

RECORD REVIEW

CHOICE DISCS OF '89

As the compact disc revolution continues, our reviewers pick out the best releases this year



Herbert von Karajan, who died this year: he left behind a mesmerising *Ballo in maschera*

Max Loppert

THE DEATH of Herbert von Karajan, for much of the century the dominant figure in European music (and to some people an immensely troubling one), was perhaps the most significant event on the international scene. He left behind an Italian-opera recording different in kind and effect from most of the super-luxurious Karajan record productions: *Un ballo in maschera*, (DG427 635-2), genuinely grand in its proportions, sometimes slow but always steady in its gait, mesmerising in its dramatic vision. The cast, led by Placido Domingo, Leo Nucci, and the magnificently passionate, "personal" Josephine Barstow, sound inspired beyond normal achievement limits.

This Verdi excepted, it was not a notable year for good new recordings of the standard operatic repertory; but it was a fine year for additions to the catalogue of the underrated and the unfamiliar. In truth *Porgy and Bess*, in the Glyndebourne production conducted by Simon Rattle (EMI CDS 749568 2), no longer deserves either adjective – certainly not since this great performance first hit the stage. Rattle's and the LPO's missionary zeal leaps out of the speakers, and the splendour of the original cast, led by Willard White and Cynthia Haymon, is undiminished.

In the underrated category I would place *Le Comte Ory* – both the work (surely the supreme Rossini comic opera) and the deliciously elegant Lyons Opera performance under John Eliot Gardiner (Philips 422 406-2), which has elsewhere been received with shameful crabbiness by critics who ought to know better. On a lower level – because the opera itself is tosh, albeit of a sumptuous late-Romantic kind – is Mascagni's *Iris*; but rapturous singing from Ilona Tokody and Domingo and a gorgeous account of the score under the late Giuseppe Patané (CBS M2K 45526) will provide sympathetically disposed listeners with some unexpectedly enjoyable *quarts d'heure*.

Gardiner's records tend to bulk large in any selection of Year's Best. 1989 is no exception. In addition to Rossini, Philips released his "live" account (422 351-2) of *Jephtha*, which instantly claimed a place on the shortlist of essential Handel recordings. The brooding majesty of one of the greatest of all Late Works is not compromised by the fast, light, urgent performance style – the opposite, indeed – and the singers, the Monteverdi Choir and soloists led by Nigel Robson, Lynne Dawson, and Anne Sofie von Otter, seem in their way as fired by a particular dramatic vision as Karajan's *Ballo* principals.

The amazingly versatile Miss von Otter, who bids fair to become the leading young mezzo of the day, issued her first Lieder recital – Wolf and Mahler, with Ralf Gothoni the excellent pianist (DG 423 666-2). The record has been deemed both "cool" and "operatic" in style by certain reviewers; especially in the Wolf songs I delight in the unforced beauty of sound, the gentle directness of manner. EMI's complete set of Roussel *mélodies*, (CDS 7492712), offered by first-rate performers (the singers Ollmann, Alliot-Lugaz, Mesplé, Van Dam, the pianist Dalton Baldwin), strikes a blow for this neglected master: a splendid and timely rediscovery.

Other singers: I have derived special pleasure from Domingo's latest set of zarzuela excerpts, *Romanzas de zarzuelas*, made and offered with no less love and missionary zeal than Rattle's Gershwin (EMI CDC 749148 2); from the EMI Références collection of arias and songs, some previously unpublished, by Sena Jurinac, her sweet-sad soprano caught in glorious early bloom (EMI *CDH 763199 2*); from the dazzling young Italian mezzo-soprano Cecilia Bartoli, whose recital of Rossini airs will have all that composer's adherents jumping for joy (Decca 425 430-2); and from Janet Baker's 1975 collection of Gluck arias, a treasure-trove newly reissued on CD (Philips Baroque Classics 422 950-2).

In addition, Philips put all Shostakovians in permanent debt by making available a 1982 "live" performance (422 442-2) *of the Eighth Symphony* conducted by its dedicatee, the late Yevgeny Mravinsky, and played by its "home" orchestra, the Leningrad Philharmonic – a performance of spacious vistas and terrifying intensity, a once-in-a-lifetime experience. Leonard Bernstein's second recording of the Mahler Third Symphony (DG 427328-2), also taken "live", *stands likewise apart from the* common run of popular symphonies in pedestrian studio readings: it fairly blazes.

As a by-product of the recent London Sinfonietta rediscovery of the senior American composer Leon Kirchner, the American company Elektra/Nonesuch have sent across the Atlantic an all-Kirchner CD (979188-2), conducted by the composer and featuring such hard-cut gems as the 1960 Concerto for violin, cello, winds and percussion (greatly admired in the Elizabeth Hall): music of distinct character, Haydn-like in wit and toughness, at once fiercely argued and genially approachable.

Outside my normal territory, I must note that the latest record by Ladysmith Black Mambazo, *Journey of Dreams* (Warner Bros 925 753-2), is an hour's-length of simple magic: international fame has brought happy new developments of material and group style, while causing no dilution of native strengths. And for lovers of the blues (the real thing, that is), the new CD label Black & Blue *provides a bonanza of reissues*: J.B.Hutto, Luther Johnson, Jay McShann, Memphis Slim, and the Koko Taylor (*South Side Lady*, my favourite – 59.542 2), all caught magnificently on the wing.

Rodney Milnes

IT'S EASY amidst a flurry of important opera releases late in the year to overlook earlier treasures, such as the *Wozzeck* recorded live at the Vienna State Opera under Claudio Abbado (DG 423 587-2). Some found both the sound and the conductor's approach *too silky*, but it is good to be reminded every now and then that Berg was a Viennese composer and wrote beautiful music; the superb, if at times swoony, playing is hard to resist, and the live performances of Hildegard Behrens and Franz Grundheber in the leading roles are as accurate as they are dramatically alive.

The playing of the Vienna Philharmonic, so crisply defined, so rich tonally, is one good reason for hearing Karajan's last opera recording, *Un ballo in maschera* (DG 427 635-2), and amongst others are the conductor's measured but dramatic pacing of the work, Josephine Barstow's vocally uneven but dramatically white-hot Amelia, and Placido Domingo's unbeatable (by today's standards) Gustavo. (In parenthesis, Barstow's solo *recital on TER VIR 8307, on* which she is in much smoother voice, is well worth searching out).

Domingo is also in Mascagni's *Iris* (CBS CD 45526), a confection of racism and sexism so brutal as to make *Parsifal* sound like the combined work of James Baldwin and Germaine Greer. The performance, *conducted* by the *late Giuseppe* Patané and with Ilona Tokody in the title-role, is very fine but you will need a strong stomach to be able to take it.

No reservations about *Porgy and Bess* (EMI CDS7 495682), *deservedly* the operatic prizewinner in the annual *Gramophone* awards: a 20th-century masterpiece with performances entirely worthy of it from Willard White and Cynthia Haymon amongst many others, and fabulously played by the London Philharmonic under Simon Rattle.

Any reservations about *Le Comte Ory* (Philips 422 406-2) – such as the absence of French singers and the shade of that nonpareil amongst Rossini conductors Vittorio Gui – must be put in perspective: we have here, for the first time on record, the complete text of this *troublant* comedy excellently played by the Lyons Opera Orchestra under John Eliot Gardiner (instrumental colouring always purposefully shaded), good singing from Dinana Montague, Sumi Jo and John Aler, and more than good from *Gino Quilico*, who could pass for French simply through the pungency of his declamation. The whole is definitely greater than the sum of the parts.

I also enjoyed *Il barbiere di Siviglia* (Decca 452 520-2), mainly because with one exception (Paata Burchuladze's Basilio, rather horrible) the cast is Italian, and it is good to hear this old war-horse really idiomatically sung for once. And indeed idiomatically played, by the Bologna Opera Orchestra under Patané, whose reading is spacious, unhurried and appropriately urbane. The singing is no great shakes technically, save for the recording debut of Cecilia Bartoli (Rosina), only in her early 20s but already an elegant, warm and above all witty Rossini stylist. There should be great things to come from this exceptionally gifted mezzo.

Das Rheingold (EMI 749853-2), second segment of the Haitink *Ring*, is altogether happier than last year's *Walküre*, cunningly paced, lushly (too *lushly*?) played by the Bavarian Radio Orchestra, smoothly sung by cast including James Morris, Marjana Lipovšek and Heinz Zednik. The only doubts concern Haitink's considerate nursing of the authoritative but vocally rusty Alberich of Theo Adam, and the lingering impression that this *Rheingold* is a *long hot bath rather than* a bracing dip in the uncomfortably icy waters of moral treachery.

Virgin Classics' release of Prokofiev's *Love for Three Oranges* (VCD7 91084-2), sung in the French translation of the première by the composer and Vera Janacopoulos, is pure gold, thanks in large part to the outstanding playing (again) of the Lyons Opera Orchestra, this time under Kent Nagano. The reading is lighter, zanier, funnier than that currently heard at the Coliseum, and with such outstanding farceurs as Gabriel Bacquier and Jules Bastin, and such effortlessly mellifluous tenors as Jean-Luc Viala and Georges Gautier, repeating roles they have taken on stage in Lyons and Aix, this recording should *remain definitive for the time* being.

One of the most riveting recordings of the year is also the shortest: Judith Weir's *Three Operas* (Novello Records NVLCD 109). *King Harald's Saga*, the "Grand Opera in Three Acts for Solo Soprano" (1979), which lasts some eleven minutes, is given a virtuoso performance by Jane Manning, its creatrix, and it is fascinating to re-hear *The Consolations of Scholarship* (1985), forerunner to the full-length *Night at the Chinese Opera*. The choral *Missa del Cid* (1988), which describes unimaginable slaughter to the background of the *Mass*, is typical in its combination of detached irony and passionate depth of feeling of the work of the most consistently exciting – and, N.B, economic – composer of music for the theatre writing today.

Placido Domingo stars in *Ballo* and Mascagni's *Iris*; and Simon Rattle: Gershwin with missionary zeal

David Murray

HAVING BEEN seduced too often this year by rare works on CD, I'm in no position to offer mainstream "best of 1989" suggestions. Better, I think, just to recall a few specially rewarding discs, and then to remark some of the most enticing new releases.

Among the brave revivals and rescues, Jean Fournet's conducting of four forgotten Berlioz cantatas (Denon CO-72886) is exemplary, and delightful to hear. Gerd Albrecht achieves no less for Alexander von Zemlinsky's unlucky opera *Der Traumgörge* premièred only in 1980, when the composer would have been 109; a fine cast, and a delicately visionary score (Capriccio 10 241/42, 2 discs). Also visionary, but strange and troubled, is Hans Pfitzner's huge cantata Von *deutscher Seele*, unmissable by anyone interested in German music between the wars (Musica Mundi 314 027 K3, 2 discs). The rediscovery of Pfitzner's Austrian contemporary Franz Schmidt continues apace. Besides the performances of his late, lovely piano quintets that I welcomed earlier (Preiser 93357 and 93383), there is a new account of his Second Symphony by Neeme Järvi and the Chicago Symphony (Chandos CHAN 8779) to compete with old Rajter's in the complete set on Opus. Though the phrasing by Rajter's Czech players is a touch more idiomatic, pacey vitality is a great tonic, and the symphonic muscle is enhanced.

Among many excellent song-recitals on record this year, I particularly admired Marjana Lipovsek's Wolf, Strauss, Mahler and Zemlinsky (Orfeo C176 891A) and Andreas Schmidt's sterling delivery of Brahms' *Die schöne Magelone* (DG 427 334-2). Now we have an *extremely attractive pair of* Schubert recitals by the mezzo Ann Murray and the tenor Philip Langridge (Hyperion CDJ33003 and 33004) – both with the pianist Graham Johnson, for these are respectively Volumes 3 and 4 of his ongoing collection of all Schubert's songs. Many unfamiliar songs, some remarkable, all treated with luminous sympathy; unusually detailed, searching programme-notes by Johnson.

Eliahu Inbal's solid account of Berlioz's Requiem, the "Grande Messe des morts," enjoys full, forward sound – no cathedral acoustic – on Denon CO-73205/6 (2 discs). The cohorts of brass and timpani sound tremendous in the "Tuba mirum," and Keith Lewis's virile tenor is an effective substitute for the usual lighter French voice; generally, nevertheless, Inbal rather smoothes Berlioz's characteristic sharp edge. The suddenness and the tinges of ferocity are better captured by John Eliot Gardiner in *La Damnation de Faust* with his Lyon Opera orchestra (Philips 426 199-2, 2 discs). The performance boasts brilliant attack, and a superlative heroine in Anne Sofie von Otter; quite rightly, the applause by the concert audience is left in. There is a goodish Faust by Michael Myers, slightly querulous, and a doughty Mephisto from Jean-Philippe Lafont.

ENO patrons who have revelled in Prokofiev's *Love for Three Oranges* can now hear it in the original French, with the admirable Lyon cast I praised this summer at Aix led by Gabriel Bacquier and Jean-Luc Viala. The comedy goes with all possible brio; I still think Kent Nagano makes the fizzing score sound a little *nicer* than it really is, innocent of bale, but his precision and clarity tell strongly. It is amusing to compare Richard Strauss's comic vein in his forgotten ballet *Schlagobers*, composed a year after the Prokofiev *première, and intriguing to* hear the continual pre-echoes of later Strauss. A crisp Tokyo performance under Hiroshi Wakasugi is on Denon CO-73414.

*Aix also had the lavish pro*duction of Purcell's *The Fairy Queen* from which the music – only one element in the show, but full of marvellous pieces – can be heard on two Harmonia Mundi discs (HMC 901308.09). William Christie leads his period band, Les Arts Florissants, with faultless verve; the numerous singers, among them Lynne Dawson and Nancy Argenta, give unfailing pleasure.

Among contemporary works, Sofia Gubaidulina's extraordinary concerto for the violinist Gidon Kremer, *Offertorium*, bears a great deal of listening (DG 427 336-2, with Dutoit and the Boston Symphony); in a gentler vein of deceptive subtlety, so does George Benjamin's *Antara* (with the London Sinfonietta in Boulez and Jonathan Harvey, too: Nimbus NI 5167). And I have found that the first two "Strathclyde Concertos" by Peter Maxwell Davies, critically received with temperate respect, open out beautifully with acquaintance. They are for oboe (Robin Miller) and for cello (William Conway), and the Scottish Chamber Orchestra performances are keenly communicative (Unicorn-Kanchana DKP (CD) 9085). On UKCD2026, they deliver Davies' early Sinfonia and recent Sinfonia Concertante no less scrupulously. Two records of older-style British music deserve a friendly last word. Impressive performances by Kathryn Stott of big piano-and-orchestra works by Walton, Ireland and Frank Bridge (his *Phantasm*), with Vernon Handley and the Royal Philharmonic on Conifer (CDCF 175); and fascinating London Musici accounts of four Malcolm Arnold concertos, with distinguished soloists and Mark Stephenson conducting (CDCF 172), prove that this pawky, highly individual composer is wrongly ignored by those of "advanced" tastes.

Chess

BRITAIN SCORED a remarkable double triumph in the Infolink European speed championship last week when Jonathan Speelman defeated Michael Adams in the final after they had, between them, eliminated world champion Gary Kasparov and Jan Timman, the world candidates' finalist. The result provided immediate compensation for the disappointment of the European team championship in Haifa where England finished only eighth behind the medal-winning USSR, Yugoslavia and West Germany.

Speelman's win over Kasparov looked highly improbable in the opening moves where the London grandmaster chose a provocative variation of the Dutch Defence he had played against Timman in the world semi-final. As Kasparov launched an immediate king's side attack, Speelman at first seemed to be in real difficulties; but, suddenly, he countered with a combined rook and knight attack to expose the champion's king.

Kasparov switched to an endgame where his two rooks were superior materially to Speelman's rook, knight and pawn; but Black's active pieces more than compensated. Kasparov probably could have drawn but, pressing for a non-existant victory, he got his rooks in a tangle, which led to material loss. Speelman established a winning passed pawn and Kasparov resigned; there was prolonged applause from the spectators.

It was Kasparov's first defeat after 49 match and exhibition games during which he broke Bobby Fischer's all-time rating record. Among British players, only Nigel Short had ever beaten Kasparov, once at Brussels and twice in a 1987 speed match.

Adams' win over Timman was a strangely one-sided game where the Dutchman rushed out a dozen opening moves, only to blunder a central pawn in elementary fashion at the end of the sequence. Timman sought a compensatory attack but it broke down quickly with further material loss and, for the final closing 10 moves, he was struggling on a whole rook down.

The final was a close-run affair. Adams had the advantage in the first game (below), but was held by accurate defence. Speelman also stood worse in the decisive 10-minute blitz play-off before he exploited an error to break through and take the £3,000 first prize.

The Infolink event was played at the Athenaeum club, London, and will be televised by Thames next spring. Despite the fast time limit of 25 minutes a player per game, the quality was high, notably in Adams' strategic win over Hjartarson of Iceland.

White: M. Adams.

Black: J.S. Speelman.

Pirc Defence (Infolink European speed 1989).

1 e4 d6 2 d4 Nf6 3 Nc3 g6 4 g3 Bg7 5 Bg2 O-O 6 Nge2 c5 7 dxc5 dxc5 8 Qxd8 Rxd8 9 e5 Ne8 10 f4 f6 11 exf6 Nxf6 12 Be3 Na6 13 a3 Rb8 14 Rd1 Rxd1+ 15 Kxd1 b5 16 Kc1 Bb7 17 Bxb7 Rxb7 18 Rd1 Kf7 19 h3 h5 20 Ng1 b4 21 axb4 cxb4 22 Nce2 Ne4 23 Nf3.

White seems to have only a tiny advantage in this much simplified position, but creates an attack skilfully. 23 Rd5 with the idea of 24 Ra5 is also dangerous.

23 ... Nac5 24 Bd4 Bf6 25 g4 hxg4 26 hxg4 Ne6 27 g5! Bxd4 28 Nexd4 Nxf4 29 Ne5+ Kg8 30 Rf1 Nd5 31 Ne6 Nd6!

Cool defence against White's threatened mate by Rf8+, Rf7+, Rg7+ and Nxg6.

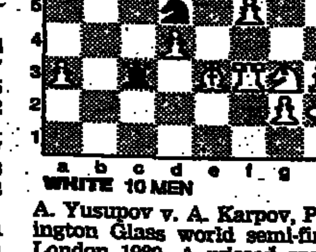
32 Nxg6 Nf7 33 Rf5?

Now Black draws comfortably; either 33 Nh4 or Ngf8 still gave chances.

33 ... Rb6 34 Ngf4 Nxf4 35 Nxf4 Kg7 36 g6 Nh8 37 Re5 Nxg6 38 Nxg6 Kxg6 39 Rxe7 a5 40 Ra7 Rb5 41 Kd2 Kf6 42 Kd3 Rc5 43 c4 bxc3 en passant 44 Drawn.

PROBLEM No. 802

BLACK 8 MEN



WHITE 10 MEN

A. Yusupov v. A. Karpov, Pilkington Glass world semi-final, London 1989. A missed opportunity from the world championship. Karpov (Black, to play) has rook for bishop and two pawns, and the obvious move is to take White's bishop. Karpov decided that 1 ... Nxe3 2 f6 Qf7 3 Qb8+ and mates or 2 ... Qh7 3 f7+ was too risky, and that 1 ... Rxe3 2 f6 Nxf6 3 Rxe3 Ng4+ 4 hxg4 Qh6+ 5 Nh5 Qxe3 6 Nf6+ was a draw. So, he tried 1 ... Qe7 but drifted into a lost position a few moves later.

Can you find what the world No. 2 overlooked in his analysis?

Solution Page XVII

Leonard Barden

RECORD REVIEW

Richard Fairman

THIS WAS the year the record industry awoke to the fact that it is sitting on a hoard of riches greater than even Santa Claus could have amassed. Those companies which have large catalogues of famous old recordings have started to realise their present value by reissuing them on compact disc, while those that do not are quickly trying to acquire some.

For the consumer this is all gain. With modern technology it is proving possible to clean up even the sound of 78s to quite acceptable standards, while most LPs, if treated with sensitivity, sound better in their CD transfers than they ever did on the average home equipment in the 1960s. It really is impossible not to choose some reissued material among the best of the year.

From Decca/London, for example, we have had a good proportion of the recordings made by Benjamin Britten, both of his own music and that of other composers. These form part of the great legacy of recordings from the post-war era and one really wants them all. But I know that the two discs I could not do without are the haunting fenland drama *Curlew River* (421 858-2) and the marvellous combination of the early Piano and Violin Concertos, masterpieces both (417 308-2).

As if to remind us that a new generation of musicians has its own ideas on Britten's music, there has been a rush of recordings devoted to his popular orchestral song-cycles. Of these, I would choose the disc shared between Felicity Lott and Anthony Rolfe Johnson (Chandos CHAN 8657), because it is the only programme to include the exquisite French songs that Britten wrote as a teenager. What marvels this composer produced in his youth.

Among the most important projects of the year were the completions of the Beethoven symphony cycles on period instruments being made by two of our leading practitioners in the genre. These were rival sets and the competition was intense. If I have to make a choice, then I would prefer the set by Roger Norrington as the more consistently thought-provoking of the two. His Eroica Symphony (EMI CDC 7 49101-2) is a good example of the surprises in store.

On repeated listening, however, I have come to feel that it is Christopher Hogwood who caps his cycle with the more climactic performance of the Ninth Symphony (L'Oiseau Lyre 425 517-2) played by a period orchestra of unusual size and with a full-scale chorus. His soloists are also easily preferable. Fast and furious, a performance conceived on an ambitious scale, this is likely to keep any listener in search of exciting music-making over the festive period rivetted to his seat.

One great enterprise which is still in its early days is the plan of Hyperion Records to record all of the Schubert Lieder. The series is so fascinating in its overall design that it will be a temptation to pick one disc every year until completion. Of this year's group I select that by Ann Murray (CDJ 33003), as its appealing programme is the first to reach some really well-known songs. Graham Johnson is the admirable accompanist, as throughout.

Looking to the future, I am also happy to welcome for the first time on disc the young Italian mezzo-soprano Cecilia Bartoli (Decca 425 430-2). Her recital disc of Rossini arias has given a good deal of pleasure, both for the technical excellence with which the singer accomplishes the most difficult pieces and the endearing personality she brings to them all. A delightful disc, at once gently humorous and affecting.

Then to the past, as it were. It is sad to learn that Janet Baker has decided to retire from live performances. There will, we are informed, be the occasional recording, but for the time being we can at least turn to a new release of a selection of Fauré's *mélodies* (Hyperion CDA 66320). This is perhaps a mixed experience, with some good things and some that one might wish otherwise, but in all it makes a timely and welcome appearance. No grand farewells for Dame Janet, which is no doubt exactly as the singer herself wished it.

Andrew Clements

WITH THE back catalogue still being transferred to compact disc at bewildering speed, it would be easy to fill a survey like this with essential reissues. Though time will doubtless lend enchantment, when recording technology takes its next quantum leap only a handful of the current releases seem likely to be refurbished with the reverence shown this year to Barbirolli's *Gerontius*, Klemperer's *Fidelio*, Kleiber's *Figaro* or Britten's own *Billy Budd*.

One of the certainties for preservation is the Glyndebourne *Porgy and Bess* (EMI CDS 749568 2, three CDs), perhaps more for the uniformly flawless casting and Willard White's noble, deeply affecting Porgy than for Simon Rattle's conducting, which despite its vehemence does sometimes mould the music in a self-conscious way. And Karajan's last opera recording too, *Un ballo in maschera* (DG 427 635-2, two CDs), has many treasurable, enduring things – Domingo's finest recorded Gustav, Josephine Barstow's Amelia, brave, inspired casting, and a brooding theatrical atmosphere derived from the magnificent playing of the Vienna Philharmonic, which goes a long way to justify the measured tempi and marmoreal expressive effects that were part and parcel of the late Karajan style.

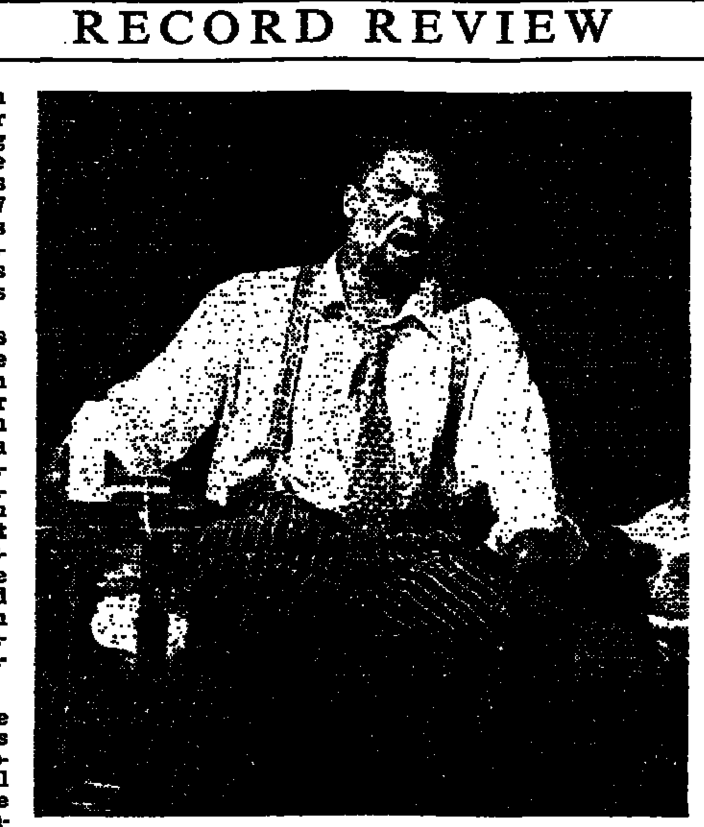
Karajan's final orchestral discs were uneven, often accepting inferior sound for the sake of the video recording that inevitably was part of the package, but Bruckner's Eighth Symphony (DG 427 611-2, two CDs) overcomes those shortcomings with blazing coherence and again shows the Vienna Philharmonic at its finest.

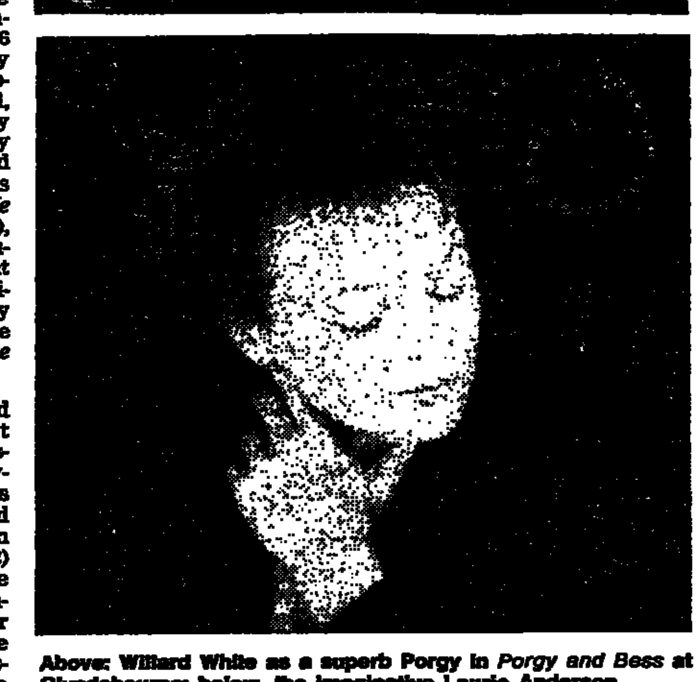
Undoubtedly the industry's favourite symphonist at the moment is Shostakovich, with no less than four cycles under way; Ashkenazy's Fourth with the Royal Philharmonic (Decca 425 693-2) is the latest instalment of his, holding that rangey structure together with clear-headed discipline, but why Järvi's profoundly disturbing Fifteenth with the Gothenburg Symphony should appear on DG (427 616-2) when he is halfway through his complete cycle for another company remains a mystery.

Of Rattle's discs with the Birmingham Orchestra this year some have been disappointing, but the orchestral survey of the Second Viennese School, containing Schoenberg's Op.16, Webern's Op.6 and Berg's *Lulu* Symphony (EMI CDC 749857 2) is an exception, a combination of lucid, accurate playing and naturally expressive phrasing, truthfully recorded. At the opposite end of the orchestral spectrum is Roger Norrington's *Symphonie fantastique* (EMI CDC 749541 2), a first foray into period-instrument Berlioz and a triumphant one, full of unexpected illuminations and delights, and only increasing expectation for the forthcoming *Roméo et Juliette* from the same team.

Not in my experience a good vintage for the piano, but Rudolf Serkin's wise, compassionate accounts of Beethoven's last three piano sonatas (DG 427 498-2) is precious, and Stephen Hough's Schumann disc (Virgin Classics 790770-2) startlingly mature. I'd hesitate to place Hough's C major Fantasy above, say, Richter's or Pollini's but it belongs in the same company, and his Davidsbündlertänze, perhaps the most elusive of all Schumann's piano cycles, captures the rhythmic nuances and the fragile poetry with unfailing accuracy.

Itzhak Perlman's set of Bach's unaccompanied violin sonatas and partitas (EMI CDS 749483 2, two CDs) is the most distinguished of recent accounts, even if its technical command cannot quite displace Heifitz or the young Menuhin (both recently transferred to CD) in one's memories. Jorma Hynninen's *Winterreise* (Ondine ODE 725-2) is a highly personal, deeply tragic version of Schubert's journey, given added point and poignancy by Ralf Gothoni's continually searching accompaniments. DG's survey of Zemlinsky's songs (427 348-2, two CDs) is a valuable addition to the catalogue, sung with great intelligence by a young team of soloists, even if this latest piece in the jigsaw offers no clearer definition of Zemlinsky's musical personality.





Above: Willard White as a superb Porgy in *Porgy and Bess* at Glyndebourne; below, the imaginative Laurie Anderson

Finally a quartet of rock albums which ought to qualify for preservation. Simple Minds' *Street Fighting Years* (Virgin MINDSCD1) at last fulfils the band's immense promise and settles them into the top echelon of stadium rock bands, alongside U2 but with a greater emotional and political range, while Elvis Costello's *Spike* (Warner Bros 925 848-2) may nag away at his familiar preoccupations but does so with a sustained verbal and melodic invention that few of his contemporaries can match. David Byrne's *Rei Momo* (Sire 925 990-2) suggests that life without the rest of Talking Heads can be just as musically fresh and intellectually teasing; Laurie Anderson's *Strange Angels* (Warner Bros 925 900-2) offers another wry series of commentaries upon the American way, the whole put together with a gentle humour and imagination that defy conventional categorisation.

Ronald Crichton

A SURPRISE this year has been the appearance of a work long popular and now long neglected. Reyer's *Sigurd* is a great, big portmanteau of a grand opera packed with spectacle. Not by design (the conception was independent) it covers roughly the same ground as Wagner's *Ring* from Brünnhilde's awakening onwards. It took Reyer about 20 years to finish *Sigurd*, produced in 1884 at the Monnaie in Brussels. For the next half century, in spite of the superior attitude of French Wagnerites, it was a pillar of the repertory at the Paris Opéra.

In fact there is little Wagner – a much stronger presence is Reyer's friend Berlioz, who preceded him at one remove as critic of the Journal des Débats and bequeathed him his academician's sword.

The three CDs from Chant du Monde/INA (LDC 278017/19) represent the first complete (or nearly complete) recording, taken from a French Radio performance of 1973 conducted by the excellent Manuel Rosenthal.

Guy Chauvet sings the title-role like a true successor to the French line of heroic tenors. Andréa Guiot is the appealing Brunehild, a milder figure than her Wagnerian counterpart. Of course Reyer is a lesser composer than Wagner, and his librettists much lesser dramatists. But forget *Götterdämmerung* and *Sigurd* offers plenty to enjoy.

One unusual CD brings rare recordings by one of the foremost pianists in history and restores to the catalogue an old favourite long absent. Busoni, a Renaissance man born out of his time, had wide interests including machines but excluding the gramophone – "a devilish invention which lacks the demonic nuance . . ." He agreed unwillingly to two sessions for Columbia records, the first in 1919 resulting in one disc only, the second in 1922 producing nine. Both are reproduced in transfers on *Ferruccio Busoni and Egon Petri* (Pearl GEMM CD 9347).

These short works, including five by Chopin, whom Busoni played little in public, are no doubt unrepresentative of his full powers but are still fascinating. Whatever his private feelings Busoni took pains to adjust his style to the occasion. Luminosity and controlled energy are paramount. Listen to the shaping of the melody in the F sharp major Nocturne – more like the line of a great draughtsman than a bel canto singer. There are infinite gradations of colour and touch in the pianissimo filigree of Liszt's Hungarian Rhapsody No. 13 – gleaming dust caught in sunlight. By the end one feels the keyboard has begun to smoke.

Busoni's formidable pupil, Petri, on his part of the disc provides the master's own music and transcriptions including the *Red Indian Diary* book one and the *Carmen* fantasy. These have been reissued before (though not I think on CD). The plum is Busoni's arrangement for piano and orchestra of Liszt's Spanish Rhapsody. This tremendous piece of High Romantic virtuosity rises from the brooding, sable darkness of the opening ("Les Folies d'Espagne") to the glittering sunlight of the main section. Busoni himself gave the first performance (in Hamburg) with Mahler conducting, which may explain why the "jota aragonesa" turns up in the Third Symphony, written soon after.

Petri's superlative playing (any amount of "demonic nuance" there) is strongly supported by the Minneapolis SO under the Busoni pupil Mitropoulos. Some surface noise, but the recording wears its 50 years well.

Re-issues on CDs of famous singers of the past come in shoals. I have been delighted by RCA's Ponselle and Schipa discs and by a rival Schipa on EMI. Both firms have surpassed themselves in the remastering. Tito Schipa was a lyric tenor with an ageless, silver voice (each of these selections covers some 30 years), the super-elegant phrasing saved from preciosity by a line at once vital and virile. The only overlaps occur with arias in different recordings some years apart. RCA Victor GD 87969 offers operatic arias, duets with Galli-Curci and popular songs including Schipa's inimitable "Marechiare" and "A vucchella" of Tosti.

EMI Références CDH 7 632002 2 has a splendid selection of arias and duets with Toti dal Monte and Mafalda Favero. As for Rosa Ponselle, RCA Victor GD 87810 includes fabulous excerpts from *Norma*, *La Vestale*, *La Gioconda* and several Verdis culminating in the stunning final trio from *La forza del destino* with Martinelli and Pinza. Equally desirable for older readers who for various reasons can no longer play their 78s and for others coming new to these paragons.

The album cover of *Lambada Brazil*

Antony Thorncroft

THIS WAS the year in which popular music assumed the role of spear carrier for more vibrant art forms. The two most popular singers, Kylie Minogue and Jason Donovan, owe their recording contracts to their roles in the irrepressible television soap, *Neighbours*; the most talked-about musical trend, "house," was an incidental trigger for the current craze for marathon dancing sessions; while the most stylish soul music always seemed to come as a sales gimmick for fashion, which has replaced pop as the obsession of the young.

It is no surprise that the new faces of the year – Soul II Soul and Nenah Cherry for example – look more peripheral than ever. Instead of artists we have trends, notably the continuing strength of "world music;" the surprising persistence of rap; and the immortality of rock dinosaurs. Unlike other art forms in other historical eras rock music, in its 30-odd years of existence, has never thrown anything away. It is a club that embraces everyone and is particularly proud of its senior citizens, which this year means "welcome back, Jerry Lee Lewis, the Who, Deborah Harry and Neil Diamond."

It would be nice to think that "world music," all those drummers from Morocco and choirs from Bulgaria, was a spontaneous awakening to innocent, authentic, ethnic traditions by the musically satiated, creatively redundant, West. In fact the record companies, always desperate for a new marketable sound, were instrumental in forcing the exotic on to initially apathetic ears. The outburst of African music in 1988 failed to catch on but in recent months there has been a genuine popular welcome for the current sounds from Latin American music.

Of course this enthusiasm is built around a dance craze, "Lambada," which adds Latin romance to African rhythms and not surprisingly went down a treat in France. The song "Lambada" has now hit home in the UK, and a good taster of this vibrant, exhilarating, happy music can be found on the album, *Lambada Brazil*.

The music comes from Bahia, the north eastern tip of Brazil and the first port of call for the African slaves. The African influence is strong (perhaps the British public needs some Latin sweetening before it can move on to African music). However, the sounds of Africa have finally moving beyond a cult, thanks, this time, to television. The series *Under African Skies* did a professional BBC 2 job on the subject, interviewing the musicians on the ground and uncovering the integrity of the art – the commitment of the musicians – and also its weakness – its ready acceptance of western technology. The album of the series (carrying the same title) is particularly intriguing for the tracks from Algeria, of Rai music, the voice of the urban ghettos, and the sophistication of Zaire pop when set against the more parochial Ethiopian bands sets of stimulating speculations.

In this global musical mystery tour the nations under the political microscope are inevitably the big attractions. *Caliente*, an album assembled by Club Sandino in North London, brings you the hits of Nicaragua, not so much the work of local musicians but the likes of John Lee Hooker and, of course, the Fania All Stars, whose salsa classics are the spice of the country.

Another remote and overlooked territory which has had a good year musically is Manchester. Bands such as Stone Roses and Happy Mondays provide a kind of jangly rock built around psychedelic guitar figures, part influenced by the defunct Smiths and part by the street sounds that currently have the young in their grip. Stone Roses are credited with bringing back flared jeans, a pop fashion accessory sure to ignite the requisite antagonism.

Every decade or so the people claim back the music; first skiffle, then punk, and now rap. Its origin might be Black ghetto America and it is still black dominated but it has brought a new urban art form – part theatre, part music, part dance – to British inner cities which deserves the attention of the Arts Council. Rap can very quickly become a monotonous drone when not downright threatening in the hands of the political bands like the ex-LA ganglanders Niggers With Attitude (NWA). There has been a move towards a "hard" sound during the year, a reaction to the milksop blandness of kid-next-door stars like Minogue and Donovan.

So far the idea of giving pop back to the people has only got as far as the middlemen, notably the producers – Scott, Aitken, Waterman are still responsible for manufacturing an unprecedented number of pop hits, or the DJs, who have become creative through mixing house records, or sometimes just by being tricksy with the equipment, as in the dire concoctions of Jive Bunny & The Mastermixers.

A more agreeable access into British ethnic (covering all races) music in 1989 is provided on the album *The Freedom Principle*, which follows on from last year's success *Acid Jazz and Other Illicit Grooves*. It is another compilation and includes respected jazz names such as the James Taylor Quartet, but with a wilder acid feel. This is the sophisticated end of House music and the dance-til-you-drop craze. It horrifies the Jazz Establishment but it has brought the music to a new audience, keen to test its ears on something tougher than Radio One.

As for the oldies, the Rolling Stones produced their best album for years in *Steel Wheels* and Van Morrison moved on from Celtic mysticism to Christian inspiration with the fine *Avalon Sunset*. Lou Reed proved a surprising survivor of the streets with a re-found political stance on *New York* while Bob Dylan was typically apocalyptic with *Oh Mercy*. All in all a non vintage year which delegated pop music to a disposable fashion accessory.

A welcome return to Barsetshire

Spoken Word: Mary Postgate makes a seasonal selection of books on tape

FOR CHRISTMAS listening, what could be more comfortable than Timothy West's new reading of *Framley Parsonage* (Cover to Cover CTC 057; 15 cassettes; 19 hours 40 minutes; unabridged)? Published in 1861, this is the fourth of Anthony Trollope's Barsetshire novels and is full of old friends. The events it recounts are not earth-shaking, those in high places are not toppled. The worst punishment that befalls the worst of its characters – and he is not much more than a wastrel and a cheat – is that eventually he simply "disappears," leaving his chief victim, the naive young cleric Mark Roberts, to get on with his own life, though somewhat shamefaced, in the quiet paths of a country vicarage.

There are three formidable women here, the widowed Lady Lufton, the splendid Miss Dunstable, who is approaching middle age and whom we remember from *Doctor Thorne*, and Mark's sister, Lucy Robarts, a young woman of spirit. All three attain a happy ending, to our huge satisfaction; for, as the author is aware, we are a "dear, affectionate, sympathetic" audience. Tender and brisk by turns, humourous or stern, this marvellous reading is a *tour de force* from an actor who seems able to identify himself completely with both the author and his creations.

Australian novelist Peter Carey's *Oscar and Lucinda*, which won last year's Booker Prize, is set in the same period but could hardly be more different. It is a vastly entertaining fable about life in Baptist Cornwall and brash and dangerous New South Wales in the mid nineteenth century, rather in the Dickensian mode: rich in detail, hootingly funny and inclined to unemphasised moral judgments.

Little in the first five-sixths of the novel prepares us for the horrors to come, but, dreadful as those are, the final scenes, with their terrible moral symmetry, are overwhelming. In every sense a fantastic piece of work, it has now been given a sumptuous reading by Australian broadcaster Nigel Graham (Isis Audio Books, IAB89052; 12 cassettes; 16 hours; unabridged), a really glorious performance, to be devoured in huge gobbets.

Edith Wharton (1862-1937), esteemed American novelist and friend of Henry James, wrote about a world quite as exotic as those inhabited by Oscar or Lucinda: New York high society at the turn of the century, with its opulent town houses in New York City, summer palaces on Long Island, yachts anchored along the French Riviera; an exclusive world in which the men make the money and their womenfolk spend it.

Lily Bart, heroine of *The House of Mirth*, born into this milieu, is beautiful and charming but impoverished and an orphan. At 29, the only possible career open to her is to marry a rich man. Is it stupidity, then, or some unacknowledged delicacy that prevents her from ever bringing it off? With reputation unjustly tarnished, she rapidly descends into obscurity and her end is tragic, but the story never becomes mawkish because Edith Wharton's approach, though compassionate, is objective and her style authoritative and elegant. Eleanor Bron gives an urbane and graceful reading (Cover to Cover Cassettes CC/053; nine cassettes; 12 hours; unabridged) in a stylish mid-Atlantic accent.

Two classic Scottish authors and one less widely known make their appearance in three issues by Schiltron Audio Books of Lanark. In the first, the formidable Eileen McCallum reads four dialect stories by Lewis Grassic Gibbon (1901-1935; short life, enormous talent; real name James Leslie Mitchell) and turns his lilting prose into a striding kind of verse, an astonishing listening experience. *Smeddum, Clay, Greenden* and *Sim* (SPF320-1; two cassettes; two hours) are tales of the people who live on the punishing red clay soil of the Howe of the Mearns between the Grampians and the North Sea. (According to the Shorter OED, smeddum means "spirit, energy, go": indomitable Meg Menzies is its personification.) Both the material and McCallum's performance are nothing short of awe-inspiring. (Also, Sassenachs find it comprehensible.)

A Window in Thrums by J.M. Barrie (1860-1937) tells of hard lives in Kirriemuir ("Thrums") in the mid nineteenth century. Published in 1889, affectionate, sentimental and amusing but picturing harsh realities, it helped to make the young writer's name. For the late twentieth century, those lives of grinding poverty, ceaseless work and high courage are like sepia-tinted souvenirs of a past age. Sheila Donald and Michael Elder are the expert readers (SP055-1; four cassettes; 3 hours 30 minutes).

The third set is *The Vital Spark*, Volume I of "The Complete Tales of Para Handy" by Neil Munro, first published in book form in 1906 (SPF 559-1; four cassettes; 4 hours 32 minutes; unabridged). Para Handy is the philosophical skipper of a dicey Clyde tramp steamer, and these 25 tales about him and Dougie the Mate and Colin the Tar are read by Robert Trotter with the sweetly sibilant speech of the West coast of Scotland. Handy's humour is sly and innocent, very suitable for the day after Hogmanay.

Peter Dickenson's murder story published last year, *Perfect Gallows* (Isis, IAB88012; eight cassettes; 9 hours; unabridged), alternates between the present-day world of a famous actor and his schoolboy memories of the weeks before D-Day. It has bags of atmosphere and an intricate and satisfying plot, and it is read by one of the best readers in the business, Stephen Thorne. A first-rate listen.

To turn to some good abridged sets from Listen for Pleasure: *The Beiderbecke Affair* by Alan Plater (LFP7385; two cassettes; 3 hours) is the story of that astringent TV serial about disaffected schoolteachers and resourceful men in cloth caps. Read by one of its TV stars, James Bolam, this recording retains all the original flavour (but, alas, not the pastiche jazz theme tune).

LFP's recording of John Galsworthy's *Forsyte Saga* moves into its fifth volume, *The Silver Spoon* (LFP397; two cassettes; 2 hours 30 minutes) with Fleur, married to Michael Mont (now an MP), making enemies through counsel's conduct of her defence in a suit for slander. The story's ending makes one impatient for Volume 6. Sir Michael Hordern read the first three volumes beautifully, and versatile Martin Jarvis has taken over as the voice of the twentieth century for Volumes 4 and 5. Good stuff.

Four more stories from Agatha Christie's *The Thirteen Problems* surface in *The Herb of Death* (LFP7394; two cassettes; 2 hours) with TV's super-genteel Miss Marple, Joan Hickson, getting right into the period.

From the BBC's Radio Collection, an abridged version of John Mortimer's *Summer's Lease* (ZBBC 1098; two cassettes; 3 hours) is read by Susan Fleetwood, who played Molly Pargiter in the recent TV four-parter and whose voice and manner now recall the sunshine of Tuscany and the complicated lives of the expats whom the Pargiters briefly join – with tragic results.

The dramatisation of Stella Gibbon's hilarious 1932 parody of the "earthy" novels of the '30s, *Cold Comfort Farm* (ZBBC1076; two cassettes; 3 hours 20 minutes) features a cast that includes Fabia Drake (as Aunt Ada Doom, who else?), Miriam Margolyes and Cyril Shaps. Also from the Collection comes Tom Stoppard's early play, that elegant exercise in metaphysics and wit, *Rosencrantz and Guildenstern Are Dead* (ZBBC1058; two cassettes; 2 hours), cast headed by Edward Petheridge, Edward Harwicke, and Freddie Jones as The Player. Music by Marc Wilkinson.

Finally, R.L. Stevenson's *Kidnapped*, surely the best-ever story of Scotland's agony in the aftermath of the Jacobite rising of 1745 (ZBBC1060; two cassettes; 3 hours 15 minutes): a dramatised version full of action, splendidly presented and redolent of oatmeal and heather. David Rintoul, Paul Young and Rikki Fulton star.

ARTS

The Soviet bandwagon

Russian art is becoming all the rage, says Antony Thorncroft

ROY MILES is a salesman. Fifteen or so years ago he marketed Victorian pictures, and very successfully, too. Along with Peter Nahum, then at Sotheby's Belgravia (and with some assistance from Jeremy Maas and Christopher Wood) he re-created demand for the disgracefully ignored Pre-Raphelites, and the High Victorians, like Alma-Tadema. He made dealing fun, thinking it a crime to discuss a painting without a glass of champagne in the hand.

The slump of the early 1980s removed him from the Mayfair scene but he has returned with a spectacular splash, creating in Bruton Street the largest and most lavish gallery in London. It is generally filled, as now, with Russian art: not *those Supremacists* and Constructavists of the pre-Stalinist years who are so beloved by today's rich buyers of the avant-garde, and who sometimes sell for over £500,000, but the output of figurative Soviet artists of more recent years.

"Russia is the last frontier of great art," says Miles. "Every other country and period has been milked, and the best work is in museums. Only in the Soviet Union can you come across top quality art at reasonable prices." It is a beguiling theory. The Russians are a creative people; their art has been unavailable for over 60 years, and, ignoring the fact that ideology might have crushed inspiration, there must be undiscovered talent there.

When Sotheby's made its trawl in preparation for its breakthrough auction in Moscow in the summer of 1988 it concentrated on "contemporary" art, the work of painters influenced by the latest trends in the West but creating within a Russian ethos. Roy Miles exposes himself to the rigours of a Russian buying trip three times a year but seeks out more commercial art. Among the 150 odd paintings hanging in Bruton Street until the end of next week there are plenty of soldiers, pretty girls and Russian churches in virgin landscapes, as well as grimey workers, on offer for prices between £1,500 and £1m.

The £1m price tag is on an undisputed masterpiece, a portrait by the leading 19th century Russian artist Repin of his daughter and her family. Miles, always prepared to pay out publicly, bought it at auction in New York for $1m and has sold it on to an investment group who will probably loan it to a museum while it financially matures.

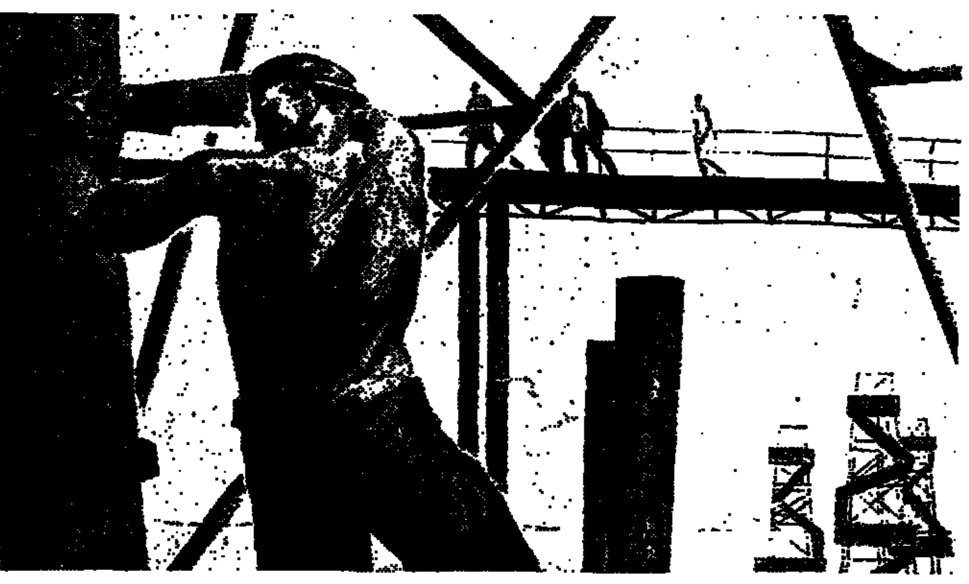
Miles reckons to have sold over two thirds of the show, mostly to traditional clients who followed him into the Victorians. The Pet Shops Boys and Michael Caine are some of the owners of this Soviet art which is often derided by weighty critics while hitting the spot among the collecting rich. "It has been the biggest success of my life" says Miles. "I have sold a lot to Americans and some to museums – in Los Angeles and Tel Aviv. The Germans have gone for the soldiers and the Swedes for the pretty girls."

Most attention has centered on the Ukranian artist Sergei Chepik, who last year won a Gold Medal at the Salon d'Automne in Paris, where he now lives. He has picked up fourteen commissions, with prices ranging upwards of £20,000, for a style which ranges from landscapes with a Chinese feel to almost symbolist works. Another artist Israel Zohar, whose work links directly with the Old Masters, notably Vermeer, will soon be painting a leading Royal, thanks to a Regimental commission.

After the large Soviet show Roy Miles will be hanging a hundred paintings gathered during a a sweep through Latvia. Then it will be the turn of the Ukraine and another comprehensive exhibition next summer. The quality may be variable; the ramifications with the artists and the Soviet Ministry of Culture obscure; the artistic relevance of some the paintings slight. But on the political and social level Roy Miles has done it again. He has spotted a bandwagon when it has just started to roll and is keeping it well oiled.

Miles may be the flashiest purveyor of Russian art but he is not the only one. Currently in London there are shows at the Omell, Merz, Cooling and Century Galleries and the salerooms have regular auctions. Sotheby's has a week devoted to Russian artifacts (starting with Russian wine, some of pre-Revolutionary vintage) in April, with hopes of another major contemporary auction later in the year.

In the salerooms you can find undoubted bargains among 19th century Russian pictures. The work of the greatest names – Aivazosky and Serov along with Repin – can still be bought for less than £100,000, mainly because there are no Russian collectors, apart from a few rich exiles, and compatriots always provide the buying backbone. So far the Soviets are happier to let out of the country the "decadent" art of the early 20th century rather than earlier paintings that better evoke Mother Russia. But if glasnost continues to pick up speed Russian and Soviet art should gradually become familiar in the West.



'The Fitter' by Boris Maluyev, 1961, at the Roy Miles Gallery

Glasnost over the Wall

WEST BERLIN has become an entrepot for what is now a hot commodity – Russian art. Art-objects of national importance cannot legally leave the Soviet Union, but the flow of works by living artists is growing. Galleries in Cologne, Dusseldorf and other German cities have climbed on the bandwagon.

Sergei Popov is a manifestation of a capitalist revolution now well under way in the Soviet Union. Until a few months ago the Deputy General Director at the Soviet Ministry of Culture, Popov now heads Palitra, a private Soviet-German art-dealing company. His first exhibition *Modern Russian Art* – showing 400 works by 30 living Soviet artists was seen at Mariendorfer Damm 1-3 in West Berlin in November. A similar show of Georgian artists will run at the same location from December 10-22. Droves of artists, according to Popov, from Azerbaijan, Tashkent, Uzbekistan and elsewhere await the chance to exhibit in the West if comparable exhibitions can be arranged.

At the *Modern Russian Art* show, the mainly abstract paintings were of mixed quality; prices ran from £300 to £5000. There were intensely worked semi-abstract pieces by Igor Moniava selling at around £2000, roughly what his work fetched at a recent Paris auction. Some decorative but strong reveries by Natalia Tolstoya were on offer at £1000 upwards. A series of powerful images by the 26 year-old Yevgeny Wachtangov were priced at £2000 to £4000. Some fine and subtle landscapes by the veteran artist Naumzejtlin were selling for around £1000.

Nobody doubts that 20th century Russian and Soviet includes important work. Some truly great artists have been recognised in the West, but thousands more competent ones have not. In the 1930s the avant-garde art of the 1920s was thrown into museum basements or burnt along with the equally "degenerate" icons. The export of this avant-garde art is now strictly forbidden.

Prices for all good Russian painting are rising, yet even now look cheap alongside the better-known European and American schools. Collectors generally are having to focus on the mainstream of Russian artists. The challenge is to spot artists who brought some original vision to their work.

Natan Fedorowskij quit the Soviet Union nine years ago, when Brezhnev briefly lifted the Iron Curtain ahead of the Moscow Olympics. Though now established as the foremost Berlin dealer in avant-garde art, he often runs across the "bourgeois" collector. At his gallery at Leibnizstrasse 60 recently he had call from a Berliner who had DM5000 in cash: he had heard that Russian art was hot; he wanted to buy a piece no longer than 1.5 metres. His living-room, he added, had red curtains.

It is now the "other" kind of art that promises to interest Western collectors most – the radical, underground, avant-garde, dissident, the unofficial. Eva Poll, another serious Berlin dealer recently had a show at Lutzowplatz 7 of four Soviet artists including Maksim Kantor, whose devastating images of a "psychiatric" hospital ward apparently left the Soviet Union with official approval. Another artist, Igor Kopystiansky was showing a sequence of ironic reactions to the Leninist precept that art should have a function, using paintings as covers for chairs, as wall-paper and table-cloths.

Art of all these kinds is streaming across the Soviet border into the West. Nobody knows how long Gorbachev will last, nor what system might replace him. But everyone sees the window of opportunity is open.

Nobody sets much store by the prices achieved for living artists at Sotheby's Moscow auction of July 1988. It was a landable initiative which became a media event. Every effort was made, including some spirited bidding by Sotheby's owner Alfred Taubman, to make it a success. The sale total duly exceeded Sotheby's estimates by over 200 per cent.

In the absence of other guidelines, Western dealers have simply been buying cheap and finding a market level in the West by trial and error. This has proved to be quite a few hundred per cent above the buying price. News of dealers' selling prices is now reaching Soviet artists who are torn between sticking out for a better deal and their desperate need for Western currency and recognition. At least, so far as one can tell, Soviet artists may now paint as they wish.

Robin Duthy

The power of geometry to order the world

Colin Amery on Inigo Jones at the Royal Academy

AT LAST it's here. It has been touch and go whether we would have the opportunity to see the complete architectural drawings of Inigo Jones in England after their triumphant showing in New York early this year. They are now at the Royal Academy, rescued by a noble band of sponsors in the nick of time. How strange it is that the complete group of drawings assembled in a scholarly fashion from three main collections in England – Worcester College Oxford; Chatsworth; and the Royal Institute of British Architects – has never before been seen together in England.

The President of the Royal Academy was right when he described Inigo Jones (1573-1652) at the opening dinner as a "strange" man. He was both scholarly and gifted. He was an artist, architect, masque designer and a courtly savant: practicality mixed with learning. And yet there is often a suggestion of a powerful belief in a Divine Order, and the power of geometry to order the world.

In the exhibition – *Inigo Jones: Architect*, at the Royal Academy of Arts, Piccadilly, London, W.1, Until February 25, 1990 – there is a chance to observe a Renaissance architectural genius at work. You can observe many facets of Jones's character and actually see the quality of his work changing and improving. I suppose it is because the Academy is largely governed (and quite rightly) by artists that they have adopted an approach to Jones that suggests he is a slightly fragile old master. Indeed the President said, presumably in a moment of enthusiasm, that he saw Jones as, "England's Leonardo." England's Vitruvius, yes, but his artistic gifts do not match those of Leonardo.

It is difficult to make architectural drawings immediately appealing to the public. They need contextual material and support in the form of photographs and models. Jones really does need placing in the context of his work as an artistic and architectural missionary. The catalogue, by John Harris and Gordon Higgot, is the last word on Jones the architect and is a rewarding read. But it is important to see these well displayed and lit drawings as the vital documents in the 17th century transformation of architecture.

It would have been helpful to see some contemporary engravings of a view of Whitehall from the Thames. Hollar's view gives a sense of the incredible sight of the new Banqueting House towering above the almost medieval London houses. Not only was its scale extraordinary: it represented a vision of a new civilisation.

After his two extensive tours of Italy Inigo Jones became the Surveyor to King James I and Queen Anne of Denmark. He was to build the Queen's House in Greenwich; make some alterations of a minor kind to Oatlands Palace in Surrey; and plan a new Star Chamber of a grandeur that would have been unsurpassed if it had been built. He did see his Banqueting House in Whitehall completed and he gave the Stuart Kings what was, in fact, a great throne room with a painted ceiling.

The history of this, the first Palladian public building in England, is still mysterious. While it is wonderful to see the series of drawings from Chatsworth, the RIBA and the Pierpont Morgan Library together, the experience of visiting the building itself should not be forsworn. It is interesting to notice how Jones had the Banqueting House built in stone polychromy. It is Sir John Soane that we have to thank for the bland present appearance of the exterior of the hall: he removed the variety of stones and put the Banqueting House into a Portland stone overcoat. If you want to see one of the original capitals that Soane removed, it lies in the basement of the Soane Museum in London.

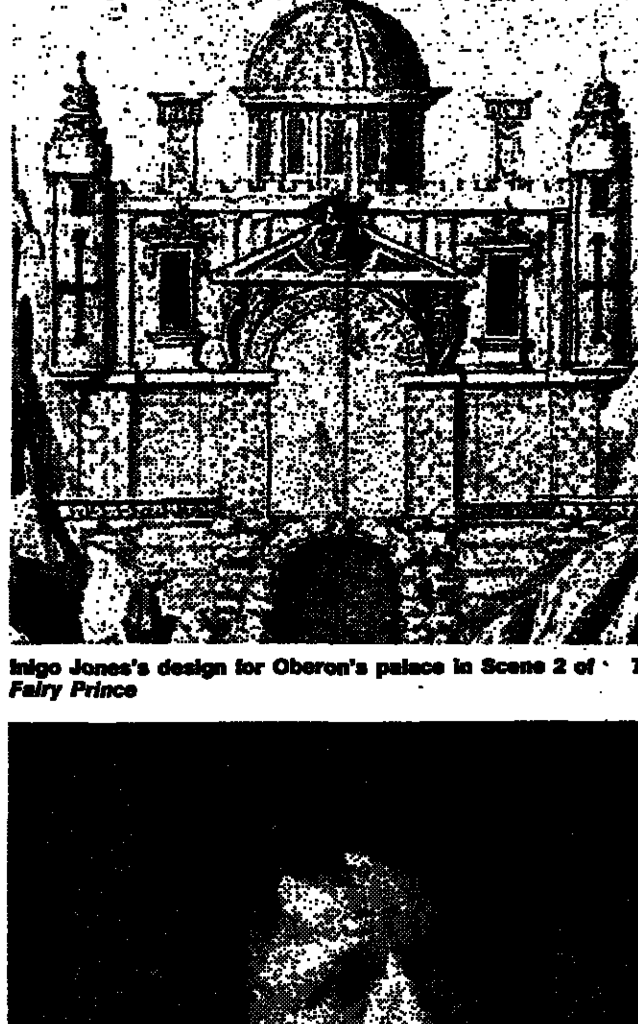
When Jones became Surveyor to King Charles I and Queen Henrietta Maria in 1625 he did major work for the Queen at Somerset House and Greenwich, and the remarkable chapel at St James's Palace. This great double cube room now has later fittings, but a visit there to see Jones's huge and dignified coffered barrel vault gives a sense of both his pioneering classicism and the dignity of the Stuart court.

Another drawing that has an almost magic quality is the one selected for the poster, of the domed catafalque of James I. This is one of the drawings lent by Worcester College (the drawings had until recently been firmly stuck in albums) and it is magnificent. It shows both Jones's gifted drawing, particularly of the figures, and his sense of Roman history. James I's funeral (in 1625) was described as "the greatest indeed that was ever known in England." Jones ensured that the King was buried almost like a Pope; the catafalque represented the life of a monarch in whose reign the antique virtues had been reborn.

Alongside his work as an architectural propagandist for the glory of his monarchs, Jones can also be seen here as a cool and measured simple classicist. His love of Palladio gave the English architectural Renaissance an ordered base. His experience as a designer of masques (and there are some 450 surviving masque drawings, of which only a very few are shown here) gave English artistic life an Italian richness that was to lead to the Baroque.

How timely this exhibition is as a reminder of the richness of our architectural tradition, and how appropriate that it is being shown in Burlington House. It is a perfectly sized exhibition arranged in a way that makes the visitor draw his own conclusions about Jones, and an brilliant reminder of a man who shone like a jewel in the 17th century and yet is entirely relevant to the architectural debate today.

The exhibition is sponsored by Intercraft, Kleinwort Benson, The Economist and The Financial Times. The catalogue is sponsored by The Building Centre Trust.



Inigo Jones's design for Oberon's palace in Scene 2 of *The Fairy Prince*

Van Dyck's portrait of Inigo Jones, which is coming to the exhibition from the Hermitage, Leningrad

Artists respond to Trust

THE SETTING up three years ago of the National Trust's Foundation for Art was one of those initiatives that, once taken, seemed so obvious that the only wonder was that it had not been taken long before. It was always nonsensical to suppose that contemporary artists had no real interest in the Trust and would not offer some response to their enjoyment of its properties. Turner certainly suffered no such prejudice or inhibition when at Petworth as the guest of Lord Egremont.

Salute to Turner now at Agnew's (43 Old Bond St. W1: until December 21) is both an exhibition and auction to raise money for the Foundation for Art. Artists of all kinds will then be commissioned to produce work at and for particular properties of the Trust. Many of those houses are stuffed with art that was the contemporary art of the collectors and connoisseurs who bought it. All art was modern once.

The response of artists to the advisory committee's invitation to take part has been remarkable both in its enthusiasm and its generosity. The work in the show covers the widest range, from the academic and strictly topographical to the expressionist and abstract. Some artists have addressed themselves to Turnerean subjects – Venice, the Thames, the Sea, the Sunset: some to Turner's methods and manner: some choosing rather to keep their homage implicit in the kind of work they have always done. Irvin, Camp, Ayres, Atkins, Blackadder, Weight, Berg, Remfry, Adams, Rosoman, Howard, Dunstan, Hambling, Coates, Phillips, Houston, Ward, Boyd, Heindorf, Cuming, Greenham, Lynch, Morley, Fairfax-Lucy, – the list of artists to recommend seems as endless as it is certainly invidious.

Purchase is by silent auction: the current bid above the reserve is posted beside the workm which can be raised, under Christie's supervision, at any time before the sale is closed on the evening of December 21. All current bidders will be invited to that party. The final hammer falls at 9pm. The whole enterprise – catalogue, show and sale – has been generously sponsored by more than 50 companies of all kinds. As a committee member, I can say no more.

The Auld Alliance, (Scottish Gallery, 28 Cork Street W1: until December 22), is another exhibition so obvious in its idea as to be surprising. The francophilia of the Scots has always been notorious and confirms the convenient law of the interval: that one nation gets on well with its opposite number on the farther side of any mutual neighbour. Here is a loose anthology of the work in France of Scottish artists in the 20th century, from Peploe and Fergusson before the First World War to Lucy Ross, who left the Royal College only last year. In between come fine things from MacTaggart and Hunter, Eardley and Gear, Grant, Knox and Crozier. Barbara Rae's large, collage painting of a Dordogne garden (1988) is very impressive, Elizabeth Blackadder's bright yellow landscape (1961) beside it, quite outstanding. It stands as a forcible reminder of how free and radical a painter she has always been.

Morris Kestelman, now showing at the Boundary Gallery (98 Boundary Road NW8), is 84 and one of those artists so typical of the British art world, who have spent a life-time in the respect of their peers, have been influential in their teaching, and yet remain virtually unknown in their work. The show is intriguingly retrospective, going back to 1931 and to two youthful townscapes in the South of France, painted in open homage to Cezanne, and of remarkable maturity – subtle, delicate and as solid as their subject in their visual construction.

Most of the work dates from the 1950s, much of it figure composition of French landscape subjects, workers of the fields and vineyards, of a markedly neo-romantic character. The obvious association is with the work of such artists as Craxton, Ayrton, Vaughan and Minton, and much of the conventional illustration of the period. But Kestelman is no mere acolyte, for his work has its own clear simplicity and quality, his images definitive and authoritative for all their charm. The later work, too, abstract in formal terms yet retaining a curious resonance of the figure, is distinctive and assured. None of the works is aggressive or out of scale. Kestelman comes of a generation for whom a canvas 3 feet by 4 was rather large, and how refreshing that is.

William Packer

Small, elegant and exquisitely crafted

Susan Moore at the Cartier exhibition in Paris

AT THE *Art of Cartier* exhibition in Paris you will not find a diamond as big as the Ritz. What you cannot miss, however, is a scarab the size of the Petit Palais. After dark, the Avenue Winston Churchill is transformed by deep blue light bathing the Palais's dome, with wings of light stretching out across its facade: a magical echo of Cartier's famous Egyptian scarab beetle brooch. In its monumental portal, a computer-controlled play of coloured lights suggest the Indian-inspired "tutti-frutti" jewels of the Art Deco period.

Despite the scale of these saphir-et-lumiere allusions to the objects within, the jewels, clocks and accessories on show are, in the main, small, elegant and exquisitely crafted. The emphasis of this retrospective, dating from the firm's foundation by Louis-Francois Cartier in 1847 until 1960, is on originality of design rather than the value of the materials. Apart from a lavish Second Empire amethyst parure, Merle Oberon's whopping emeralds, and the Duchess of Windsor's egg-size, panther-mounted cabochon sapphire, there is little in the way of serious rocks.

Materials were often simple or inexpensive. Brilliants, rather than diamonds, are much in evidence, as is jet, lacquer, rock crystal and coral in the Art Deco years. Brilliantly coloured enamel was used to great effect over engine-turned chasing, lending opulence to the cigarette cases, lighters and clocks of the 1910s.

In the early years, however, the use of materials is limited, as is the aesthetic. Certainly there is no indication here of any brush with Art Nouveau. There is none of Lalique's ingenious exploitation of materials such as horn, opal, moonstones, mother-of-pearl, pique-a-jour enamel and baroque pearls. But the Cartier clientele must always have demanded glitz – and superlative craftsmanship, for Cartier's work is flawless: stones are perfectly matched and the metalwork a miracle of precision.

Louis Cartier, grandson of the founder of the firm, was the innovator. He gave us the strap watch, no less, an invention inspired by a pilot friend who found the conventional pocket watch inconvenient. He was also the first to use invisible mounts, and to use platinum with diamonds. To Cartier too goes the creation of the famous mystery clocks, the transparent rock crystal faces of which give no clue as to how the hands are turned.

Louis's inveterate travelling inspired an eclecticism sources which continued through the firm's history. Cartier workshops have produced anything and nearly everything from netsuke to a bracelet *soudanais* and a Sioux Indian brooch. The decorative arts of Egypt and India, the Orient and Islam, have all been looted, studied and their styles translated into a modern idiom.

The Cartier brief has always extended to whatever its clients – or duty – demanded. In 1942, the firm designed the Croix de Lorraine, the symbol of the French resistence. It also produced a star-studded baton for Maréchal Foch.

Designs and correspondence, drawn from the massive Cartier archive, line the walls and link up with the objects, documenting the nuances of changing fashions in design and materials. The exhibition, which continues until January 28, holds a gleaming, century-wide mirror up to society.

ARTS

In London and Glasgow our critics launch into the pantomime season

Odds on for a cracking good time

WHATEVER it gets up to for the rest of the year, Christmas finds Stratford East's Theatre Royal doing what comes naturally – providing unjaundiced and unpatronising entertainment for the home crowd and as many away supporters as get there by word of mouth. The fun starts a good 15 minutes before curtain-up on *Cinderella* with a warm-up by Ian Bartholomew's energetic Buttons that has the children roaring in their seats and besieging the programme sellers for the novelty of the evening, silver spangled wands with stars on the tips which can be waved in the air or accidentally entangled in the perm of the mother in front (this last adds greatly to the fun).

One thing is clear – the Stratford East youngsters are not out looking for pixie dust. Long gone are the days of sitting comfortably and shouting "look behind you" on cue; a more likely refrain nowadays is "shurrup you silly old cow" – which gives, Buttons, as he frequently reminds us, a difficult job. He discharges it admirably, as does every other member of this excellent cast in a show – by David Cregan and Brian Protheroe – that is hard to fault in any department.

Their approach is to dispense with tiresome speciality turns to concentrate on a story which is quite strong enough to stand on its own (it always has been, and always will be, the best pantomime story by my book). Cinderella (the winsome Michelle Gayle) is quite miraculously transformed from scullery tatters to shimmering white by a fairy godmother who is played by Geraldine Fitzgerald as a delectably bossy matron with the bluest of blue rinses and a penchant for jolly japes.

Michael Bertenshaw's Dame hustles the ugly sisters of Yvonne Edgell and Michelle Fine about like a mother vulture with two particularly ungainly chicks. It is an inspired partnership which carries us through slapstick and several songs to the rather macabre sheering off and stretching of ugly toes the better to fit the crystal slipper.

Even the prince is, unusually, given a character by Mark Haddigan – a upper-class head-banger with ideas about doing good who gallops around with the horsey set avoiding his parents' attempts to marry him off so that they can retire and live happily ever after.

Philip Hedley's production holds a fine balance between the sublime and the ridiculous, with some high kitsch design by Geoff Rose keeping the romance rating up, while Cregan's lyrics (to Protheroe's music) are blessed with a genuine wit, when the Theatre Royal acoustic allows them to be heard. If you are not deafened by the screaming or blinded by the wands, the odds are you'll have a cracking good time.

Claire Armitstead

THE SHAW in Euston Road has a proud record as the home of London's official alternative pantomime. In its first year of panto – *Dick Whittington* – independently presented by a management leasing the house from the retrenching Camden Council, the theatre shows its traditional engaging qualities: a sturdy sense of political comment, an immediate rapport with a young and vociferous audience, and a cheerful practicality which refuses to let economic stringency stale its freshness.

It also has Bill Oddie, at first glance a rather fearsome Dame with darkly made-up eyes and unapologetic beard, naturally a source of some pleasantries. Mr Oddie is energetic and endearing though he lacks the extra dimension with which great Dames transcend their material. He never surprises, but remains a nice chap in apron, skirts and baggy knickers strenuously trying to please.

Tuesday night's house was predominantly young and so demanded little more. They talked cheerfully through the dialogue, booed Jim Dunk's first-rate and unpatronising King Rat, and joined in the "Grovel Song"'s audience-refrain more lustily than I have heard for years. Richard Bullwinkle's ingenious designs include the many-portholed *Titanic Marie-Celeste*, later seen in miniature bobbing above a fluorescent traverse curtain on which an orange and yellow sun rises, climbs and sets; and on which are glimpsed the dorsal fins that turn out to be the points of a giant Neptune's crown and trident.

"Homeless, unemployed and starving," country boy Dick finds that "they don't make it easy to work in London," with its pollution, noise and race. His ally against crass materialism is the delightfully Scots-accented Tom Cat (William Petrie), a respectable moggy who is transformed into a spitting, snarling, clawing feline demon (Paul Firth in a body stocking) whenever his tail is pulled, with the help of a flash and a convenient position near the wings.

Ben Benison directs an entirely original piece written by Robert Packham and composed by Ken Bolam. A cast of ten provides both chorus and principals, led by Frances Dodge (from ITV's *Ghost Train*) as a thoroughly boyish-looking and sounding Dick. But surely she *shouldn't* be, should she? Oh yes she should. Oh no she shouldn't. The debate will continue.

Martin Hoyle

Bill Oddie: a fearsome Dame in *Dick Whittington* at the Shaw

I had not seen a Glasgow Citizens seasonal show for some years and had all but forgotten how very good they are. The gasps and giggles started in the foyer, where many customers were taking their first close look at the airily accommodating new assembly area with its post-Modernish glass and white girders, nautical stairways, restored Victorian statuary, gold-sprayed elephants and nautch girls from the old Palace next door, and (for now) a blinking Christmas tree.

All very jolly. But the Citizens annual festive play *The Sorcerer's Apprentice*, running for two months until the end of January, provides important economic underpinning for the rest of the year. Not many of these folk, nor their kids, will be clocking on for Richard Harris as Pirandello's Henry IV, or Glenda Jackson as Mother Courage, or Dumas' *Antony* or Nicholas Rowe's *Jane Shore*, in the course of next year's 1990 City of Culture celebrations.

But the Citizens at Christmas never patronise or short-change their local loyalists, mindful of this venue's historic reputation for pantomime (Stanley Baxter made his name here and, before the days of James Bridie, the place was run by Harry McKelvie, "the pantomime king," whose seasonal productions ran for many months each year). Giles Havergal has directed a splendid, simple, colourful show, scripted, as usual, by Myles Rudge and beautifully designed by Stewart Laing, very loosely based on the Goethe story to which Dukas responded in his vivacious symphonic poem.

The bright naked light bulbs around the refurbished interior have been replaced with coloured ones. Peter (Craig Duncan) has lost his job and falls in with the old sorcerer (Peter Raffan) who is now a frail and flustered pedlar. With the help of a book of spells, they manage to repel the wicked witch (Anne Myatt), but not before various *adventures, misfired* applications of magic and an exciting chase through the theatre. Peter's white rabbit takes on human form, a talking marmalade cat becomes invisible, Peter's Dad, newly installed as Mayor, loses his hair, while Mum sprouts a ginger beard, and an enchanted, skull-encrusted castle rises from the lake.

The story is kept on a very tight rein, and has a pleasing shape. There is a quest, and there is a central spooky dream sequence which precipitates the happy ending. And Peter has a series of domestic irritants to overcome: his parents' expectations, a silly jealous brother (Lawrie McNicol) and his bossy friend Lizzie (Annette Staines). These characters are projected with tangy Glaswegian vigour but not grotesquerie, so that the solutions devised by Peter and his magic book have a sympathetic, humanising effect. The designs are neatly and unfussily executed in primary colours – Apple Tree Cottage nestles near a leafy forest glade, and the castle looks magical under snow.

The music of Derek Watson (played on keyboards and percussion) by-passes Dukas, but is nonetheless atmospheric and to the point. The audience has to memorise two verses of magic spells (this was harder for the adults than it was for the children) and the only song is the one we all sing together at the end.

Michael Coveney

Ugly sisters Yvonne Edgell and Michelle Fine with Dame Michael Birtenshaw in *Cinderella*

Dance Video

Past glories recaptured

IN AN art where impermanence is endemic – ballets die at curtain fall and are revived at later performance with insidious change forever eroding them – the video camera has become an invaluable means of preserving the transitory. And for the public, the commercial video recording has become an ideal means of seeing works otherwise unviewable, and of recapturing past glories. Great performances are no longer all lost. Video brings back Fonteyn as *Ondine*, Ulanova as Juliet, Makarova as Odette/Odile, and legendary figures – Marina Semyonova, the angelic, tragic Yury Solovyov – can be admired, sometimes briefly, in the full flood of their gifts.

The Entertainment Video Company has made a speciality of securing some of the finest Russian productions and dancers for the ballet-lover at home, with 16 releases that bring treasures from Soviet sources. For those for whom Ulanova is but a name, the magic of her art is preserved in the 1954 film of Lavrovsky's *Romeo and Juliet* which was shot with de Mille-like expansiveness in Georgia. It grips by the intensity of the company performances surrounding Ulanova's lambent Juliet (EVC 003). For anyone seeking to compare two national idols as the same character, Fonteyn's reading, with Nureyev as partner, is also available, on EVC 018. This is MacMillan's *Romeo and Juliet* for the Royal Ballet, filmed by Paul Czinner in 1966, the year after the staging was first given, with a largely original cast. (Alas, there is no record of Lynn Seymour and Christopher Gable in leading roles that were, in fact, made for them). Fonteyn's other film with Paul Czinner, with extracts from *Swan Lake*, *The Firebird*, and her ultimate Ashton role as Ondine, is available on EVC 015.

Lyudmila Semenyaka is the purest and most commanding classical ballerina in Russia today. Leningrad-trained, she has been with the Bolshoy Ballet for the past decade, and in *Bolshoy Ballerina: Lyudmila Semenyaka* (EVC 011) she can be seen in a series of classical excerpts and in a couple of items from the modern repertory. Transcending everything else is the radiant dignity of her art; to see it at full stretch her appearance in Grigorovich's admirable staging of *Raymonda*, (EVC 005) is essential viewing. She is partnered by Irek Mukhamedov as the Crusader hero, and both artists are in magnificent form in this recording of a live performance from the Bolshoy Theatre, amid a flood of superlative classical dancing from the company, and with Gediminas Taranda irresistibly dashing as the Saracen villain.

A well-rounded portrait of Grigorovich comes in *Master of the Bolshoy: Yury Grigorovich* on EVC 013, which shows the choreographer at work, with extracts from his ballets seen in powerful performance. Grigorovich's achievement during the quarter century that he has directed Moscow's pride has been to give the company a leaner, stronger look, and he remains one of the most significant figures in the history of Russian ballet in this century. His block-busting *Spartacus* and *The Golden Age* are available on National Video releases, and *Ivan the Terrible* on EVC 004: all superbly danced.

Also from EVC comes *Magic of the Bolshoy Ballet, Volume 2* (successor to a first volume which contained much important performance from some of the brightest stars of the company's recent history). This new issue (on EVC 013) was recorded live last year at the Kremlin's cavernous Palace of Congresses, and includes extracts from *Swan Lake* and a pas de deux from *Sleeping Beauty*, with chief fascination in *The Naiad and the Fisherman*, a rare survival from the 19th century repertory, given with dulcet charm by Nina Speranskaya, whom we admired during the Bolshoy's London season this summer.

Two further issues capture that extraordinary evening in 1988 when Natalya Makarova was at last reunited with the Kirov Ballet in a performance at the Business Design Centre in Islington. *Kirov Live: Ballet Spectacular Volume 1* (EVC 014) features the Shades scene from *La Bayadère* with the opulent dancing of Olga Chenchikova and the peerless Kirov corps de ballet, and a stunning classical divertissement from *Le Corsaire*, with Altynai Assylmuratova and a host of soloists.

Kirov Live: Ballet Spectacular Volume 2 (EVC 017) comprises the divertissements that occupied the heart of that memorable evening and involved all the Kirov's stars, with Makarova effulgent in the second act adagio from *Swan Lake* partnered by Konstantin Zaklinsky. Heart-stirring stuff. *The full-length Swan Lake* with Makarova and Dowell in the former Royal Ballet staging is still fortunately available from National Video; Entertainment Video counters with Natalya Bessmertnova, Alexander Bogatyrov and the Bolshoy on EVC 016.

For a Christmas treat there is also the warm-hearted Grigorovich version of *The Nutcracker* with an ideal Bolshoy cast headed by Maximova and Vasiliev (EVC 009), and a *Cinderella* from an earlier generation of the Bolshoy's artists led by the enchanting Raissa Struchkova, (EVC 007). A 1965 film of *The Sleeping Beauty* as performed by the Kirov, slightly mauled as to text and sadly truncated, is valuable for the presence of Alla Sizova and Yury Solovyov in the leading roles. Exquisite dancing. The Kirov's stage version of *The Sleeping Beauty*, with the impeccable Irina Kolpakova, is available from NVC; the company's joyous *Don Quixote*, danced with vast enjoyment by Tatyana Terekhova and Faroukh Ruzimatov and a very stylish cast, is on EVC 006.

Clement Crisp

Music with a history

THREE historically conscious pieces by three 20th century masters formed the main body of the London Sinfonietta's Christmas concert on Thursday at the Queen Elizabeth Hall: Stravinsky with classical ballet music on his mind *Scènes de Ballet* Poulenc with the 18th century on his *Concert Champêtre* and Britten with a Purcell theme on his *Young Person's Guide to the Orchestra*. David Atherton conducted.

Scènes de Ballet, written for choreography for Anton Dolin in 1944, is most often heard in London as accompaniment to Frederick Ashton's 1948 choreography. That masterpiece helps you, I believe, to hear the score better. But it demands certain tempi and if I recall aright, Atherton once withdrew from conducting it on a Royal Ballet Stravinsky triple bill for this very reason; interesting, then, to hear his version.

Certainly, I noticed new details – in one passage, the marvellous opposition of cello pizzicato play and short-breathed staccati for upper strings, woodwind and brass; in another, a flute reference to the Bluebird pas de deux that Stravinsky in 1921 had orchestrated for Diaghilev. And Atherton's tempi, slower and faster by turns, did much also to highlight the score's internal variety.

Poulenc's *Concert Champêtre*, written for harpsichord (Wanda Landowska) and orchestra, was given in a seldom-heard version for piano, with Paul Crossley, the Sinfonietta's artistic director, as soloist. This is a work of thoroughly 1920s neo-classicism. The games that Stravinsky had played with Pergolesi in his 1920 *Pulcinella* are echoed here in Poulenc's 1929 games with Scarlatti and co. But Poulenc's own gift for melody flowers, and in the slow movement's *Sicilienne*, there's also a touch of Fauré. Crossley and orchestra alike gave a keen, engaged account.

After the interval, Atherton conducted a small ensemble in *Tree Line*, which Toru Takemitsu composed for this orchestra last year. The title refers to a row of acacia trees growing near the composer's mountain villa-workshop; the score suggests both stillness and growth in its long chords. Suggestions of scenic beauty are heightened by contributions from harp, percussion and piano; a sense of dimension by evocative contrasts in both upper and lower string extremes.

Britten's instrumentation in his Purcell variations is justly celebrated. The solo passages are a perfect series of advertisements – they make one want to take up every instrument in the band, except, I have to say, the double bass. To remind us that this was a Christmas concert, each player sported an item of tinsel. The fancy dress award goes to the violinist who wore her tinsel as a halo.

Alastair Macaulay

In Klemperer's footsteps

KLAUS TENNSTEDT being again in reasonable health (no new illnesses, no broken bones), the London Philharmonic Orchestra's Festival Hall date on Thursday could proceed as planned. It is not only because of the conductor's spate of unavoidable cancellations in recent years that one attends every Tennstedt concert with heightened expectations.

He is – and on this occasion proved once again in the most exalted and enthralling fashion – one of the very few great conductors of the day. He makes music seem the most important thing in the world. He made performances of Beethoven and Bruckner symphonies – First and Fourth, respectively – seem at once so serious and so exhilarating that at the end of each it was almost a shock to be brought back, and down, into the "real world."

Of all living conductors Tennstedt seems to me to bear comparison most closely with Otto Klemperer – not because he is a "slow" conductor (the Beethoven finale raced forward with uproarious comic spirit), but because he gives the Klemperer-like impression of always seeking to discover the unvarnished truth of any work. The orchestral sound in the Beethoven First was not smoothly blended. It was rugged, rough-hewn, with great bursts of confrontational energy between departments. At the same time it was filled with the light and air of intelligible musical meaning, and thus beautiful at every moment.

By a Karajan, the Bruckner symphony can be made to seem an edifice in perfect balance, exquisitely textured, with perfectly tapered and dovetailed melodic lines, glowing with a cathedral hush; by a Kempe, an outpouring of glorious natural warmth. Tennstedt's Bruckner is craggy. The opening horn calls, arriving out of some vast distance, announce themselves with unusual angularity: the promise of symphonic drama at once personal, honest, and unremittingly intense is made, and fulfilled. When the great climaxes arrive – and how magnificently the LPO (particularly the brass) achieved them! – the stark power of the performance is almost overwhelming.

But since the vision is essentially honest, and faithful to the score, one is never stunned: uplifted, rather. This was a Bruckner Fourth for which simple, heartfelt gratitude appeared to me the proper response.

Max Loppert

Radio

Commerce tops the arts

RADIO 1 has had its sociology hat on this week. On Saturday afternoon, an hour was devoted to *The 80s in the Dock*, presented by Muriel Gray. This was a survey of what concerned young people, or should have, during the decade. I have an A4 sheet full of notes, but I won't try to record all the points that were brought up. A general conclusion was that commerce had beaten the arts. In Glasgow, A & R men were offering recording contracts to every pub group, no matter how awful, and they cared more about looks than singing. Old, bourgeois fashions were returning as money set the styles.

There were predictable grumbles over housing, health, racism; less expected ones against theme parks, the *Sun* and *Sport*, soap operas, marathons. Opinions were offered mostly by people concerned, either as providers or consumers, with popular entertainment, and may not truly represent universal feelings. This week's hour was deliberately intended to be antagonistic; another hour next week is to deal with more favourable views.

Later, from 11 o'clock until hours after I was in bed, there was *Home and Dry*, another of this channel's helpful missions to the young, this time about leaving home. We had recordings telling why people were homeless, what they had done about it, how they had been treated. There were similar, rather irrelevant, stories from Moscow, where it seems to me that family loyalty is more evident. But the focus of these programmes is the free confidential telephone help from 0800 500 800, from 8 am to 11 pm every day this week, or the booklet available from Radio 1, London W1A 4WW.

Tuesday marked the centenary of the death of Robert Browning, for me the best poet between Byron and, say, Auden. The BBC, usually so devoted to centenaries, has not been generous with this one, though what they have offered is excellent. On Monday, Radio 3 gave a documentary feature, presented by Anthony Thwaite, in which three American professors of English, an English don, and a poet of Australian stock, found themselves in general agreement about his virtues. There was a short, barely comprehensible recording of Browning reading the opening lines of *How they brought the good news*. In the middle of it he had to apologise for an error. "I can't remember my own verse," he said. His speech was no more romantic than his writing.

This unromantic manner was a capital medium for romantic thought, however, and on Wednesday we had a most excellent reading of *Andrea del Sarto*, an example of the dramatic monologues that he handled so well. Richard Pasco conjured up movingly, yet quite undramatically, the painter working on a portrait of his wife, pretending not to notice her infidelity.

"Needy knife-grinder, whither are you going?" asked poet-Prime Minister Canning, and here is a delayed response. *Something Like the Truth*, last Saturday's Radio 3 play, was by a retired knife-grinder, Dave Dick, who lives near Hull in a van parked under a tree. The BBC was kinder than Canning ("I give thee sixpence? I will see the damn'd first!"); two more of his plays are to be broadcast next year.

Last Saturday's was a duet for two old women (Bridget Turner and Patricia Routledge) recalling the weird stories their grandmother told. She was visited by a series of strange men who announced themselves with three knocks. One day she gave the current caller three knocks with the poker, but his body vanished. Later he, if it was he, killed her. The story has the gruesome fancy of Grimm. The voices were given an obbligato for French horn, improvised by Graham Rickson; was this Dave Dick's idea, or director Sue Wilson's? I thought the tale curiously compelling.

B.A. Young

CHESS No. 802

1 Rxe3 2 f6 Qxg3+! 3 Rxg3 Rexg3 (threat Rxg2+ and mate) when if 4 Qxg3 Rxg3 and Black's extra knight wins the ending, or 4 f7 Kxf7 5 Qxd7+ Ne7 6 h4 Rxg2+ 7 Kh1 R2g4 wins.

SPORT

Cricket and a change of sex

***Teresa McLean** on women's enthusiasm for 'an elegant and manly recreation'*

I CAN'T *put it off any longer. It is time* I wrote something about women and cricket. Not women cricketers in particular, though they are central to it, but the whole spectrum of women cricket lovers, from players and umpires on the field of play to body builders, girl-friends and all the other female enthusiasts off the field who enrich cricket and its culture unacknowledged and as unpredictably as their male counterparts.

In the early days, when cricket was described as coming into its own as "a very elegant and manly recreation," the social side was as important as the sporting side. That is one of the reasons fewer women than men were involved. In principle the social side is still like that, with few women players or spectators wanting to drink themselves horizontal alongside the men.

They are not usually asked to. Nearly all women who play cricket prefer to play against other women and drink gin rather than beer afterwards. Women's cricket culture is quieter than men's and now that it has managed to establish itself a bit more firmly – they made their first appearance at Lord's in 1967, against Australia – it is *surviving the perils of acceptance* by concentrating on the quiet, deft skills which men's cricket has been throwing away as fast as it can bowl.

Brian Johnston, the cricket commentator, picked out three points at which English women put English men to shame in their Test matches: their overall gracefulness of play; their well-flighted, subtle, slow and spin bowling, and their use of the feet, especially against slow bowlers. This style of cricket is rare at the Test match levels of the men's game which has sunk, like its beer, to medium pace ordinariness.

One of the reasons these talents have found somewhere other than village greens to develop is that most women learn their cricket from playing other women and most women want to keep it that way as much as men do, though a few women *have taken a robust enough view* of the game to do some of their learning from the opposite sex and to use their comparative physical weaknesses as weapons.

Ashford were once captained in the 1920s by Miss Muriel Maxted. In 1923 the same lady, playing for another men's club, drifted her bowling round the bats of the men facing her and took 79 wickets during the season, at just over four runs each. History does not tell us how much she celebrated her successes in the tavern afterwards. A more common answer to a woman's problem of what to do with an interest in cricket was the one taken by W. G. Grace's mother, who taught her son to play and would not let him go until he could play well.

She was a juggernaut, with no time for the double-edged attitude that has always been more common than her own among the few women engaged in men's cricket. Is it hypocritical for women to use their physical weaknesses and handicaps, such as breasts, which can get in the way of fast and furious wicket-keeping, to distract *the opposition? Or is it the obvious thing* to do?

Christina Willes is traditionally credited with responsibility for the introduction of round-arm bowling in 1827 because she could not bowl underarm to her brother with her bulging skirt in the way. So she raised her arm and sent down high, round-arm deliveries. It was her brother who was too feeble to see the new style through, using it against his friends but leaving Lillywhite and Broadbridge to get it officially accepted.

The Willes and the Grace attitude are versions of the no-compromise approach among women cricketers which has done well for men and kept women safely limited to women's cricket. It is just as well women's cricket at Test level is single sex because the divided skirts worn for the purpose today would only distract men as grimly as a sore throat distracts a singer.

I used to play in trousers, which give an extra layer of protection and are less ugly, free of the heavy schoolgirl connotations. Umpiring is also easier in trousers and any woman umpiring a game of men's *cricket needs a thick skin as well, to survive* the abuse her decisions will certainly provoke.

Costume is one of cricket's prodigious number of off-the-field features which make it such an intricate game. Add a sex dimension to the picture and it can become pretty well incomprehensible. Last weekend sex excelled itself in this respect, playing a part I do not think it has ever knowingly played before in the culture of cricket – anytime, anywhere.

A bizarre occurrence at the annual meeting of Lancashire County Cricket Club helped to break down the unflinching masculinity of the club's full members. A century and a quarter of exclusively masculine membership was clean bowled by a lady who told those listening that she was already a full member of their club, and had been for over a year – despite being a woman.

Her femininity had been achieved through a medical operation seven years before but officially she still counted as a man – a sex change is not a run-of-the-mill event yet, certainly not in *Lancashire – and she had* applied for full membership last January, as a man. She got it, and now any other woman wishing to join can do so, lest Lancashire be accused of favouritism.

But sex change is a dramatic and difficult method for female cricket fans to use so that they can watch play straight down the pitch from the members' stand and use a decent lavatory without queueing in a backwash of beer cans and missing a wicket. Neither Lancashire nor Yorkshire has the trendiest of images; they would rather leave that distinction to the South, where women in city suits reassure the Northerners that women are best kept where they are, which is out of the action.

An elderly lady at Headingley last summer shook her head as I went to talk to Allan Border about the Australian tourists' prospects. They had not got off to a bad start and Australia were nearing 600 when the old lady told me I would do better if I "steered clear of all that." It can be comfortable to settle into an undemanding corner where the only competition is to make the tea, but if one is going to try and enjoy watching, if not playing, cricket, Australia are a good place to start because their female cricket fans are brought up fighting for everything they can get.

Australian women made the first female Test tour to England in 1937, to find themselves greeted by an excellent opening batsman called Elizabeth Snowball and some delighted Press reports of their competence, old fashioned fielding positions and techniques of play. English women specialise in odd names when playing against Australia: in 1963 Miss Rump and Miss Bragger hung on in dire circumstances to save the second Test at Scarborough, watched by admiring Yorkshiremen. Perhaps names are the one weapon English men have neglected in their struggle to keep pace with their feminine counterparts.

Time to get out the butterfly net

***John Barrett** watches the Davis Cup final*

ANYONE WHO is fortunate enough to have experienced it will tell you that there is nothing to compare with that special feeling – an amalgam of pride, apprehension, tension and determination – that sweeps through the body when you are representing your country at sport. The athlete either produces an inspired performance or is inhibited to the point of incompetence.

This weekend in Stuttgart the young men representing Germany and Sweden will all be struggling with their emotions as the two nations face each other in the final of the Davis Cup for the second year *in a row. Germany's win last* year, against the odds in Gothenburg against a team that had won three of the previous six finals, was their first success in this 89-year-old annual men's team competition.

It was only their second appearance in a final and demonstrated the growing strength in depth of German men's tennis. Back in 1985 they had lost to the Swedes in Munich. That was the year when Boris Becker precipitated the German tennis boom by winning the first of his three Wimbledon singles titles when he was just a lad of 17.

That tie had been played on a lightning-fast carpet court designed to help Becker's powerful game. Becker's team mates on that occasion were Michael Westphal in singles and Andreas Maurer in doubles. Although Becker had *beaten both Mats Wilander and* Stefan Edberg, Westphal had lost to both Swedes. Anders Jarryd had not been fit to play in the crucial doubles rubber with Edberg but Wilander and Joakim Nystrom had filled the *breach and their greater expe*rience had been too much for Becker and Maurer.

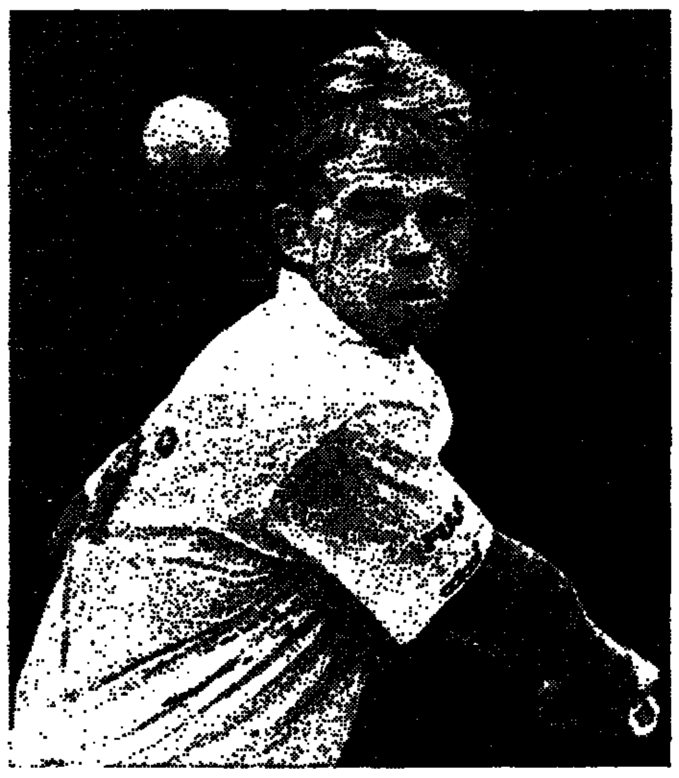
Despite his tender years, Becker had shown a remarkable maturity in front of a noisy and intrusive crowd in the *Olympic Hall.* As they cheered and clapped in unison between the points he would hold up his hand as if to say: "That's enough, let's get on with the tennis." I remember his reaction to this display of nationalism. "It was frightening. When I looked into the eyes of my fans I thought I was looking at monsters," he said. "Their eyes were fixed and had no life in them. When I saw this kind of blind, emotional devotion, I could understand what happened to us a long time ago at Nuremberg." Boris was growing up fast.

What a difference three years make. Last December, on *the slow European clay court* that the Swedes had laid specially, a stronger, wiser Becker had the inner strength to survive against a hostile crowd. Alongside him now he had the tough little Stuttgart *left-hander Carl-Uwe Steeb and* the gifted doubles expert Eric Jelen. These two young men were both products of the thorough German development programme, planned by the national coach Nikki Pilic, a Yugoslav-born left-hander who will go down in tennis history as the man whose suspension by his national association in 1973 precipitated the player boycott at Wimbledon.

It was Steeb's defeat of Wilander in the opening rubber, after losing the first two sets, that swung the tie in Germany's direction. Becker, without the pressure of having to win, had played majestically to beat Edberg in straight sets and had then teamed with Jelen to inflict a five-set defeat on Edberg and Jarryd. Improbably, Germany had won the first three rubbers before the Swedes had caught their breath.

Now, a year later, the same two teams are hard at it again – on another fast carpet court laid on the cement floor of the cavernous Hans Martin Schleyer Halle. For the Swedes *it is a chance to prove that last* year's defeat was mere aberration; for the Germans, an opportunity to show that their success in the other major men's team competition, the Peugeot World Team Cup, was no fluke.

When the draw was made on Thursday it was clear that the fates had decided to have some fun. The first two matches, played yesterday, were identical to the first two rubbers of *1988:* Steeb v Wilander and Becker v Edberg. Before yesterday's match, Steeb and Wilander were 1-1 in career meetings, but those encounters were both on clay. Yesterday Steeb had the support of a home crowd. But *this is not* always an advantage. I shall never forget the collapse of Ilie Nastase against the US No 1 Stan Smith in the opening rubber of the 1972 Davis Cup final in Bucharest.



Edberg: without his British coach for the Davis Cup

The whole *of* Romania was consumed with Davis Cup fever. The faces of Nastase and Ion Tiriac were emblazoned everywhere. Such was the pressure that Nastase cracked. The sheer weight of national expectation was too heavy a load for the gifted Romanian to carry. He lost the opening rubber to Smith and the Americans eventually won 3-2.

But what of Wilander's form? The 1989 world champion has not won a tournament since September 1988 and has seen his ranking slip from No 1 to No 11. Desperately short of match play, Mats has at last gone back to his trusty old Rossignol racket which he had abandoned in pique at the end of 1988 because the company (with whom he had been associated for more that five years) would not renew his contract. More importantly, he has regained his zest for competition. However, the fast surface could well have been the deciding factor here.

When Becker and Edberg *met for the 20th time in the* final of the Nabisco Masters in New York two weeks ago, Edberg came back magnificently from the loss of the first set to impose a four-set win on a tiring opponent. Previously *there had been two important* meetings in 1989: the semi-final in Paris where Edberg had won in five sets, and the Wimbledon final where Becker had won splendidly in three. Missing from the Edberg corner will be his British coach Tony Pickard, which could have an important psychological effect on Edberg's performances.

For today's doubles the Swedes have nominated Jarryd and Jan Gunnarsson. However, if they are 0-2 down, I believe the astute Swedish captain, Jan Anders Sjogren (who is also Wilander's coach), will change his pairing to Edberg and Jarryd – as he is allowed to do up to one hour before the start. On all past evidence these two, who are former US and Australian Open champions and the winner of two Masters titles, should beat Becker and Jelen today. If the score after the singles is 1-1, Sjogren may decide to rest Edberg and let Gunnarsson have his chance.

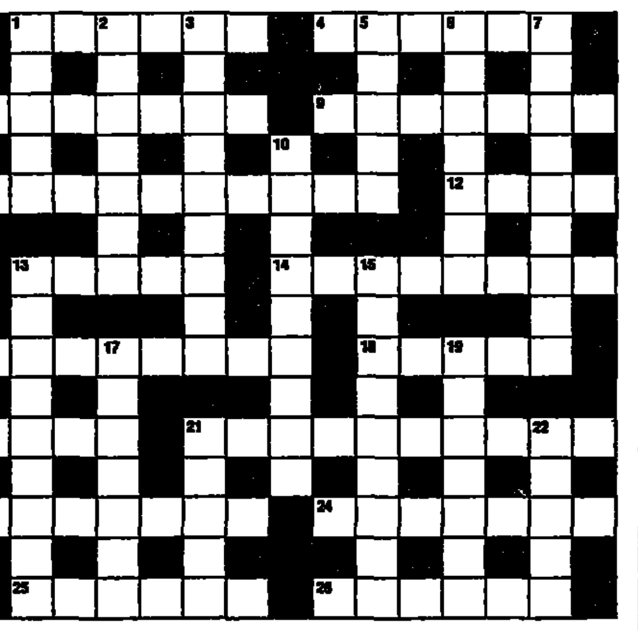
In tomorrow's reverse singles Becker plays Wilander first and may have the honour of securing the winning rubber for Germany. If the teams are level after four matches, I would expect Edberg to clinch the tie for Sweden.

Any or all of these prognostications may come unstuck, for Davis Cup ties are notoriously difficult to forecast. But of one thing I can assure you. If the whole thing comes down to that last rubber, a squadron of *butterflies will be fluttering* through the stomachs of the two protagonists. The winner will be the man whose butterfly net is working best.

CROSSWORD

No. 7,117 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Thursday December 28, marked Crossword 7,117 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 30.



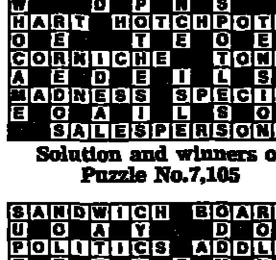
ACROSS

1 Reserved styles, sort of square (6)
4 Enclosure has ram in a state of repression (4-2)
8 Beethoven's ruler? (7)
9 They admit blame for remedial treatment (7)
11 Sloppy fielder for Chesterfield, for example (5-5)
12 Fearsome monster makes some go green (4)
13 Cures difficult affliction (5)
14 Met figure of painter in autumn (8)
16 The punch for *swinging* parties? (8)
18 Fall-out, we hear, from atom (5)
20 She a naval architect? (4)
21 Pass intended, would you say, as a piece of corruption? (10)
23 Husbandry in distant China (7)
24 Mount up (7)
25 Rodney adrift over there (6)
26 Announces conditions (6)

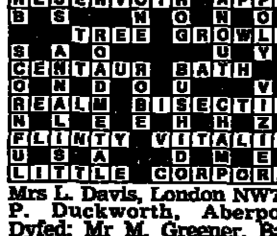
DOWN

1 Mother and son will not finish dance (5)
2 Theatre-worker with his back to the wall? (7)
3 No warning of such examination in skin-clinic? (4-5)
5 Number three turns out (5)
6 Byroad as something to elicit dislike (4-3)
7 Office wire gives FT rate (5-4)
10 Finished with plan for debit balance (9)
13 As female board-chief, one has to go in daily (9)
15 In water off Cowes, number not keeping heads above water (9)
17 Is he particularly fond of Douglas? (7)
19 RN meant to prepare for a scrap (7)
21 Being thick needs to be treated (5)
22 Names of sisters taking in oxygen (5)

Solution to Puzzle No.7,116



Solution and winners of Puzzle No.7,105



Mrs L. Davis, London NW7; Mr P. Duckworth, Aberporth, Dyfed; Mr M. Greener, Barry, S. Glamorgan; Mr D. Griffiths, Hampton Wick, Surrey; Mr T.H. Wood, Cleethorpes, S. Humberside.

TELEVISION & RADIO

SATURDAY

‡Indicates programme in black and white

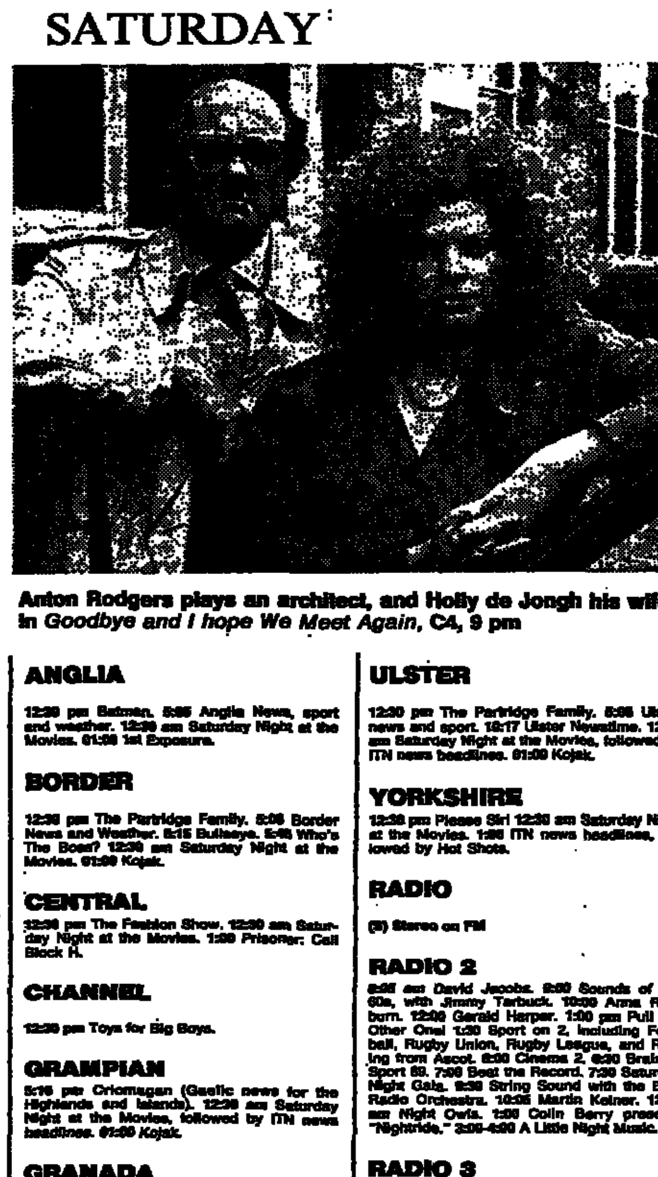
BBC1

BBC2

LONDON

CHANNEL 4

S4C WALES



Anton Rodgers plays an architect, and Holly de Jongh his wife, in Goodbye and I hope We Meet Again, C4, 9 pm

ANGLIA

BORDER

CENTRAL

CHANNEL

GRAMPIAN

GRANADA

HTV WEST

SCOTTISH

TSW

TVS

TYNE TEES

ULSTER

YORKSHIRE

RADIO

RADIO 2

RADIO 3

RADIO 4

SUNDAY

‡Indicates programme in black and white

BBC1

BBC2

LONDON

CHANNEL 4

S4C WALES

ANGLIA

Records. 11:55 Prisoner: Cell Block H, followed by ITN news headlines. 12:00 Mr Corbett's Ghost. 1:55 am Film: "Connecting Rooms" (1969), with Bette Davis and Michael Redgrave.

BORDER

CENTRAL

CHANNEL

GRAMPIAN

GRANADA

HTV

SCOTTISH

TSW

TVS

TYNE TEES

David Niven, Anna Karina and Topol.

ULSTER

YORKSHIRE

RADIO

RADIO 2

RADIO 3

RADIO 4